



Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales

Cofnod y Trafodion The Record of Proceedings

[Y Pwyllgor Diwylliant, y Gymraeg a Chyfathrebu](#)

[The Culture, Welsh Language and
Communications Committee](#)

02/03/2017

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 from the Meeting for Item 6

Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynddi yn y pwyllgor. Yn ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd. Lle y mae cyfranwyr wedi darparu cywiriadau i'w tystiolaeth, nodir y rheini yn y trawsgrifiad.

The proceedings are reported in the language in which they were spoken in the committee. In addition, a transcription of the simultaneous interpretation is included. Where contributors have supplied corrections to their evidence, these are noted in the transcript.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Hannah Blythyn	Llafur
Bywgraffiad Biography	Labour
Dawn Bowden	Llafur
Bywgraffiad Biography	Labour
Suzy Davies	Ceidwadwyr Cymreig
Bywgraffiad Biography	Welsh Conservatives
Neil Hamilton	UKIP Cymru
Bywgraffiad Biography	UKIP Wales
Bethan Jenkins	Plaid Cymru (Cadeirydd y Pwyllgor)
Bywgraffiad Biography	The Party of Wales (Committee Chair)
Dai Lloyd	Plaid Cymru
Bywgraffiad Biography	The Party of Wales
Jeremy Miles	Llafur
Bywgraffiad Biography	Labour
Lee Waters	Llafur
Bywgraffiad Biography	Labour

Eraill yn bresennol
Others in attendance

Huw Jones	Cadeirydd Awdurdod S4C Chair of the S4C Authority
Ian Jones	Prif Weithredwr S4C Chief Executive S4C
Geraint Evans	Golygydd, Rhaglenni Cymraeg, ITV Cymru Wales Editor, Welsh Language Programmes, ITV Cymru Wales
Phil Henfrey	Pennaeth Newyddion a Rhaglenni, ITV Wales Cymru Geraint Evans, Head of News and Programmes, ITV Wales Cymru

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

Steve George	Clerc Clerk
Gwyn Griffiths	Uwch-gynghorydd Cyfreithiol Senior Legal Adviser

Adam Vaughan	Dirprwy Clerc
	Deputy Clerk
Robin Wilkinson	Y Gwasanaeth Ymchwil
	Research Service

Dechreuodd y cyfarfod am 09:50.

The meeting began at 09:50.

Cyflwyniad, Ymddiheuriadau, Dirprwyon a Datgan Buddiannau **Introductions, Apologies, Substitutions and Declarations of Interest**

[1] **Bethan Jenkins:** Diolch, a chroeso i'r cyfarfod yma heddiw. Eitem 1 yw'r cyflwyniad, ymddiheuriadau a dirprwyon. Os bydd larwm tân, dylai pawb adael yr ystafell drwy'r allanfeydd tân penodol a dilyn cyfarwyddiadau'r tywyswyr a'r staff. Ni ddisgwylir prawf heddiw. Dylai pawb droi eu ffonau symudol i fod yn dawel. Mae Cynulliad Cenedlaethol Cymru'n gweithredu'n ddwyieithog ac mae clustffonau ar gael i glywed y cyfieithiad ar y pryd ac i addasu'r sain ar gyfer pobl sy'n drwm eu clyw. Mae'r cyfieithu ar y pryd ar gael ar sianel 1, a gellir chwyddo'r sain ar sianel 0. Peidiwch â chyffwrdd â'r botymau ar y microffonau gan y gall hyn amharu ar y system, a gofalwch fod y golau coch ymlaen cyn dechrau siarad. A oes angen i rywun ddatgan buddiannau yma heddiw? Na, grêt, diolch. Nid oes dim ymddiheuriadau na dirprwyon wedi'u nodi ar hyn o bryd.

Bethan Jenkins: Thank you, and welcome to this meeting today. Item 1 is introductions, apologies and substitutions. If there's a fire alarm everybody should leave via the fire exits and follow the ushers' instructions. We're not expecting a test today. Everybody should turn their mobile phones to silent. The National Assembly for Wales operates bilingually and headsets are available to hear the simultaneous translation and to amplify the sound. Simultaneous translation is available on channel 1 and sound amplification is on channel 0. Please don't touch the buttons on the microphones because these could impair the system. Please ensure that the red light is on before you speak. Does anybody need to declare an interest here today? No, great, thank you. There are no apologies or substitutions noted so far.

Papurau i'w Nodi Papers to Note

[2] **Bethan Jenkins:** Eitem 2: **Bethan Jenkins:** Item 2: papers to papurau i'w nodi. Rydym ni wedi cael note. We've had quite a number of crin dipyn o bapurau. Papur 1 yw papers. Paper 1 is a letter from the llythyr gan Gadeirydd y Pwyllgor Chair of the Children, Young People Plant, Pobl Ifanc ac Addysg ar and Education Committee on the gynlluniau strategol Cymraeg mewn Welsh in education strategic plans. addysg. A oes unrhyw sylwad Are there any specific comments on penodol ar hynny? Rydw i'n credu that? I think the Chair of that bod Cadeirydd y pwyllgor hynny'n committee is waiting until we have aros hyd nes ein bod ni'n gorffen ein finished our work on the million gwaith ar un filiwn o siaradwyr cyn Welsh speakers before they make a iddyn nhw wneud penderfyniad i decision on whether to undertake an wneud ymchwiliad ychwanegol ai additional inquiry. peidio ar eu rhan nhw.

[3] Papur 2: llythyr at Weinidog y Paper 2 is a letter to the Minister for Gymraeg a Dysgu Gydol Oes gan Lifelong Learning and Welsh Gadeirydd y Pwyllgor Plant, Pobl Ifanc Language from the Chair of the ac Addysg ynglŷn â'r cynlluniau Children, Young People and strategol Cymraeg mewn addysg. Education Committee on the Welsh in education strategic plans.

[4] Papur 3: craffu ar waith Paper 3 is on the scrutiny of the Arts Cyngor Celfyddydau Cymru. Mae Council of Wales. There's further rhagor o wybodaeth gan Nick information from Nick Capaldi, the Capaldi, prif weithredwr Cyngor chief executive of the Arts Council Celfyddydau Cymru. Rydw i'n cynnig for Wales. I propose that we wait until ein bod ni'n aros hyd nes ein bod we have received a response from the ni'n cael ateb gan y cyfarwyddwr— auditor general. We have written to nid cyfarwyddwr; yr *auditor general*. the auditor general on how the rules Rydym ni wedi ysgrifennu at yr operate in relation to procurement, *auditor general* ynglŷn â sut mae'r so we'll wait for that. rheolau yn gweithio o ran caffael. Felly, gwnawn ni aros i gael hynny.

[5] Papur 4: llythyr ataf i gan Tony Paper 4 is a letter to me from Tony Hall, y cyfarwyddwr cyffredinol a Hall, the director general of the BBC, datganiad i'r wasg cysylltiedig. A oes and a press release. Any further

unrhyw sylwadau ar hynny? Lee comments? Lee Waters.
Waters.

[6] **Lee Waters:** Yes, it's a related point to this. In the report that we did on broadcasting, there are recommendations to require the nominee for Wales on the new BBC board to be subject to a pre-scrutiny session at this committee. I'm aware that the appointment process is going ahead now, and announcements are expected imminently, so, quite clearly, the department for culture have not taken note of our request—nor the Welsh Government—to be involved in that process, which I'm very concerned about. So, it looks like an appointment's going to go ahead without our involvement. I'm conscious that the House of Commons culture committee will have a role to scrutinise the chair of that committee, but the national representatives will not. I've written to you to suggest that we get in touch with the equivalent committees in the other devolved Parliaments to try and assert our right to have a role in the appointment of the national representative. I think it's particularly important, given the rumours I'm aware of that this has become a very politicised process, and the person that the UK Government wants to put forward to represent Wales is being done with a very clear view on their partisan affiliations, which I think is inappropriate, and I think it's important that this committee has a role in trying to scrutinise to see whether they're the appropriate, qualified, person regardless of their politics.

[7] **Bethan Jenkins:** Yes, thanks, and I had your e-mail yesterday on that. I'm quite happy to do that. All I will say, though, on the point that they haven't responded to us is that, obviously, we've given everybody in our report that we've mentioned—ITV, S4C and BBC—time to respond to that report. So, I wouldn't want to say that they haven't responded yet, but we're waiting for their response.

[8] **Lee Waters:** But they're appointing now.

[9] **Bethan Jenkins:** Yes, I get that. But, obviously, they will be responding in the round to our report. So, we can write to them separately on this particular issue.

[10] **Lee Waters:** Yes, but, surely, to respond to our point that we wanted a role in the appointments process, as they're appointing now without involving us, it's very clear that they're rejecting that recommendation without communicating with us.

[11] **Bethan Jenkins:** Okay, that's fine. We'll write to them anyway and we can write to the other UK Government and other devolved Parliaments.

[12] **Lee Waters:** Well, I think we need to do it urgently because this process is late.

[13] **Bethan Jenkins:** Yes, yes, that's fine.

[14] **Lee Waters:** Okay, thank you.

[15] **Bethan Jenkins:** Papur 5: Ilythyr gan Adam Price, Comisiynydd y Cynulliad â chyfrifoldeb dros ieithoedd swyddogol, ynglŷn â'r cynllun ieithoedd swyddogol, a drafft yr adroddiad cydymffurfio blyneddol. A oes gennych chi unrhyw farn yn benodol am a ydych chi eisiau cymryd tystiolaeth ysgrifenedig neu ar lafar ynglŷn â'r cynllun swyddogol yma? Bydd Adam Price yn dod i mewn i roi gwybodaeth a rhoi tystiolaeth i ni, ond a ydych chi eisiau cymryd tystiolaeth ysgrifenedig neu ar lafar? Dai Lloyd.

Bethan Jenkins: Paper 5 is a letter from Adam Price, the Assembly Commissioner with responsibility for the official languages, regarding the draft official languages scheme and the annual compliance report. Do you have any views specifically on whether you want to take written evidence or oral evidence with regard to this official scheme? Adam Price will be coming in to give evidence, but do you want to take written evidence or oral evidence? Dai Lloyd.

[16] **Dai Lloyd:** Buaswn i'n cynnig tystiolaeth ysgrifenedig i ddechrau, ac wedyn os oes rhywbeth yn codi o hynny, efallai awn ni ymlaen i feddwl am dystiolaeth ar lafar. Ond, tystiolaeth ysgrifenedig i ddechrau, buaswn i'n meddwl.

Dai Lloyd: I would propose that we should invite written evidence, and then if anything arises from that, perhaps we should go on to think about hearing oral evidence. But written evidence to begin with, I would have thought.

[17] **Bethan Jenkins:** A ydy pawb yn gytûn gyda hynny i ddechrau? Grêt, diolch yn fawr iawn am hynny.

Bethan Jenkins: Everybody content with that? Great, thank you very much for that.

Dyfodol S4C: Sesiwn Dystiolaeth 1 The Future of S4C: Evidence Session 1

[18] **Bethan Jenkins:** Symudwn ni, felly, i eitem 3, at ddyfodol S4C a'r sesiwn dystiolaeth gyntaf ar hyn. Diben yr eitem yw clywed tystiolaeth gan S4C ac eraill fel rhan o'r ymchwiliad i ddyfodol S4C yng nghyd-destun yr adolygiad sydd yn mynd i ddigwydd gan Lywodraeth y Deyrnas Unedig. Croeso mawr i Huw Jones, cadeirydd Awdurdod S4C, ac i Ian Jones, sef prif weithredwr S4C. Diolch ichi am ddod yma heddiw.

Bethan Jenkins: We're moving, therefore, to item 3, on the future of S4C and evidence session number 1 on this. The purpose of the item is to hear evidence from S4C and others as part of the inquiry into the future of S4C in the context of the review to be undertaken by the UK Government. A very warm welcome to Huw Jones, chair of the S4C Authority, and Ian Jones, the chief executive of S4C. Thank you for coming here today.

[19] Jest fel cwestiwn cychwynnol, pa fath o ymgysylltu sydd wedi bod rhyngoch chi a Llywodraeth y Deyrnas Unedig ynglŷn â'r adolygiad yma? A ydyn nhw wedi rhoi gwybodaeth i chi am y cylch gwaith, pwy fydd yn llywio'r drafodaeth, pwy fydd y cadeirydd? Sut mae'r berthynas wedi datblygu ynglŷn â siâp yr adolygiad, a'ch mewnbwn chi hyd yn hyn? Diolch.

Just as an initial question, what sort of engagement have you had with the UK Government on this review? Have they provided you with information about the terms of reference, who will be steering the discussion, who the chair will be? How has the relationship developed with regard to the design of the review and your input so far? Thank you.

[20] **Mr H. Jones:** Wel, rydym ni wedi bod yn trafod yn achlysurol dros y misoedd diwethaf. Y cysylltiad mwyaf diweddar sydd wedi bod oedd pan aeth yr Ysgrifennydd a minnau i Lundain i gyfarfod â'r ddau was sifil sydd wedi cael eu gosod yn gyfrifol am yr adolygiad. Mae'r ffaith bod yna benodiadau penodol yn awr â chyfrifoldeb penodol o fewn gwasanaeth sifil yn arwydd bod y peth yn symud yn ei flaen. Ac wedyn

Mr H. Jones: Well, we have been discussing occasionally over the past few months. The most recent conversation was when the Secretary and I went to London to meet with the civil servants who have been given the responsibility for the review. The fact that specific appointments have been made, with specific responsibilities, within the civil service is a sign that the issue is moving forward. And then there was

mae'r datganiad a gafwyd gan y Gweinidog, Guto Bebb, o flaen y Pwyllgor Dethol ar Faterion Cymreig mai ei ddisgwyliad o oedd y byddai yna ddatganiad am y cylch gorchwyl a'r sawl fydd yn cynnal yr adolygiad yn digwydd cyn diwedd y flwyddyn ariannol yma. Felly, dyna ein dealltwriaeth ddiweddaraf ni.

the statement made by the Minister, Guto Bebb, to the Welsh Affairs Select Committee that it is his expectation that a statement on the terms of reference and those who will be conducting the review will be made before the end of this financial year. So, that's our latest understanding.

[21] **Bethan Jenkins:** Beth ydych chi'n meddwl o ran bod y gwasanaeth sifil yn awr yn gweithio ar y peth? A oes yna dîm ohonyn nhw, neu a oes yna un penodedig yn gweithio ar yr adolygiad neu—?

Bethan Jenkins: What do you think in terms of the fact that the civil service is now working on it? Is there a team working on it, or just one specific person working on the review?

[22] **Mr H. Jones:** Fy nealltwriaeth i ydy bod yna ddau berson o fewn DCMS yn benodol yn mynd i fod yn gweithio ar yr adolygiad, a bod yna berson arall o Gymru wedi cael ei secondio i gynorthwyo gyda'r gwaith. Dyna ydy fy nealltwriaeth i, ond mae'n gwestiwn i'w ofyn i'r DCMS mwy na ni.

Mr H. Jones: Well, my understanding is that two people within the Department for Culture, Media and Sport will specifically be working on the review, and that there is another person from Wales who has been seconded to assist with that work. That's my understanding, but it is more a question for DCMS than for us.

[23] **Bethan Jenkins:** Ond nid ydych chi'n gwybod eto pwy sydd yn mynd i fod yn arwain y gwaith hynny ar hyn o bryd—dim enw clir yn hynny o beth?

Bethan Jenkins: But you don't know yet who is going to be leading on this work—there is no clear name in that regard?

[24] **Mr H. Jones:** Na.

Mr H. Jones: No

[25] **Bethan Jenkins:** Ian Jones, a oes unrhyw—?

Bethan Jenkins: Ian Jones, do you have anything to add?

[26] **Mr I. Jones:** Dim byd i ychwanegu, na.

Mr I. Jones: No.

[27] **Bethan Jenkins:** Ocê, felly, **Bethan Jenkins:** Thank you very diolch yn fawr. Fe wnawn ni symud much. So, we move on to S4C's ymlaen at gylch gwaith statudol S4C, statutory remit, and Lee Waters is ac mae Lee Waters yn mynd i arwain going to lead on these questions. ar y cwestiynau yma.

[28] **Lee Waters:** Diolch. I was interested by a piece that Huw Marshall, a digital consultant who originally worked with you, wrote in the last week or so, pointing out that the broadcast environment has changed more in the last three years than it had in the previous 30. So, in what ways do you think your remit should be updated to reflect those changes, and in what ways do you think the channel needs to change to reflect those changes?

[29] **Mr H. Jones:** Can I just reflect on the statutory aspect of that, because that's where we start from, and then Ian can maybe go into an explanation of the functionality of it? We start with a remit that was written back in 1982, which refers to broadcasting, whereas an organisation like Channel 4 has a remit that refers to relevant media content and to broadcasting and distribution. So, there's obviously a perception that, in the case of Channel 4—and I think the same is true for the BBC—there is an expectation that the organisation is meant to face up to the challenges of today. Our remit is worded in a form that is far more traditional, and we do agree that it should be changed. Ian.

[30] **Mr I. Jones:** The relevant part of the Communications Act 2003 is section 204, and I'll just read from that, just to be clear. It says,

[31] 'providing television programme services of high quality with a view to their being available for reception wholly or mainly by members of the public in Wales.'

10:00

[32] Now, I don't think that's fit for purpose, at the moment. Any broadcaster, if it wants to reach a fragmented audience that views across numerous platforms, has to target those platforms and has to be ubiquitous. There's no reference there to the digital environment. There's no reference there to the fact that 45 per cent of S4C's audience now views from outside Wales. Therefore, in terms of looking at that remit, it's not fit for purpose. It doesn't deal with the things that we need to deal with today. It needs to take

account of the fact that there is geographic migration of the audience. It needs to take account of the development in technology over the last 10 to 12 years. And it needs to take account of the digital environment. Therefore, it has to change. It can be changed simply; it doesn't need legislation. It can be changed by a negative resolution Order, which can be issued—and it's very simple, in the form of a letter.

[33] **Lee Waters:** Okay, that's interesting, thank you. So, the statutory element aside, the recent Ofcom study showed us, for the first time, the majority of young people are now getting their content online rather than on television. We know from iPlayer requests for S4C that 73 per cent of your content is for young people—it's children's content. So, what way, operationally, are you changing to reflect that shift in viewing behaviour patterns?

[34] **Mr I. Jones:** We've made a number of changes over the last five years, both in terms of that we've had to, because of the decline in budget, and that we've had to as well to take account of the audience migration across platforms. Just to pick up on the point you made, Lee, there's a graph that exists, which is published by Enders Analysis, which shows, over the last five years, a declining trend of 16 to 35-year-olds watching television, whereas for 60 years old plus there's a level trend in watching television. So, my concern in future is, when the graph shows a downward curve for 16 to 35-year-olds, as they get older, what will happen to the television service?

[35] Therefore, I would argue strongly that the tv service is part of a bigger jigsaw. What S4C has to do in future is have its brand and its content ubiquitous. I said that on the first day in the job. I used an analogy with a very old Martini advert—that content needs to be available 'anytime, anyplace, anywhere'. That's still my view, and more so now.

[36] **Lee Waters:** One of your strategic challenges has always been, as a generalist broadcaster, to provide for multiple audiences. I guess that's amplified in terms of the technological trends and the way in which different generations are viewing. It already seems to me you cater well for young people and your programming caters for older people, but there's a chunk in the middle that I'm not convinced you're reaching, and that's going to get more intense with the funding situation and with the technological challenges, too.

[37] **Mr I. Jones:** Can I just draw an analogy, which I think is useful to put

all of this in context? If you go back 12 to 13 years and look at Channel 4, BBC, Channel 5—Channel 4, 12 years ago, had one television service; today, it's got 15 different services. The BBC had seven services; today, it's got about 25 services. S4C, then, had one; today, we've got one and a bit, and we've got access to the iPlayer. What other broadcasters have been able to do, as those audiences migrate to different platforms, is to launch different services to target that audience fragmentation. We've not been able to do that. We haven't had the resource or the finance to do that, and that really concerns me for the future.

[38] **Mr H. Jones:** I think your point, though, about the middle-aged audience, if you like, is a strong one. I think you'll see that reflected in our own analysis, which will be coming through quite shortly in a revised programme strategy led by the new director of content, which very much identifies that as an issue.

[39] **Lee Waters:** Thank you.

[40] **Bethan Jenkins:** Rwyf jest eisiau gofyn cwestiwn yn dilyn ymlaen o'r hyn roedd Lee Waters yn gofyn. Rydym yn deall mai system statudol sydd yn bodoli ar hyn o bryd, ond nid yw hynny wedi eich stopio chi rhag lansio sianel YouTube eich hun a chael y gallu i ehangu ar y gwaith rydych yn ei wneud. Felly, beth fydd newid mewn deddfwriaeth yn caniatáu i chi ei wneud nad yw yn caniatáu i chi ei wneud nawr yn hynny o beth?

Bethan Jenkins: I just want to ask a question following on from what Lee Waters was asking. We understand that a statutory system exists at the moment, but that hasn't stopped you from launching your own YouTube channel to have an ability to expand on the work that you're undertaking. So, what will a change in legislation allow you to do that it doesn't allow you to do now?

[41] **Mr H. Jones:** Rwy'n meddwl bod y cwestiwn yn ddiddorol. Mae gennym ni wastad ganiatâd wedi bod i wneud pethau sydd yn '*incidental and conducive to*' y prif wasanaeth. Y cwestiwn yw: i ba raddau ydym ni'n symud y tu hwnt i hynny i greu cynnwys digidol sydd, ynddo'i hun, yn cael ei weld fel rhan gysefin o'r

Mr H. Jones: I think it's an interesting question. We've always had permission to do things that are 'incidental and conducive to' the main service. The question is: to what extent do we move beyond that to create digital content that is, in itself, seen as a core part of the service? And I think it would be good

gwasanaeth? Ac rydw i'n meddwl y buasai'n dda cael bod yn glir ynglŷn â beth yw dymuniad ein rhanddeiliaid ni i gyd, beth yw'r canfyddiad o beth yw cenhadaeth S4C, a bod hynny'n cael ei fynegi mewn deddfwriaeth berthnasol, gyhoeddus, fel ein bod ni gyd yn gwybod, 'Oes, mae yna ddymuniad i ni wneud hyn, i ni wynebu'r heriau yma er budd ein cynulleidfa, o bob oed.'

to have clarity on what the wishes of our stakeholders are, what the perception of what the S4C mission is, and that that is expressed in relevant, public legislation, so that we all know, 'Yes, there is a desire for us to do this—for us to face these challenges for the benefit of our audience, of all ages.'

[42] **Mr I. Jones:** Jest i ychwanegu at hynny, rŷch chi'n iawn, rŷm ni wedi lansio rhywbeth ar YouTube, rŷm ni'n gwneud pethau ar Facebook, rŷm ni'n delio gyda *short form* ar Facebook, ond *dipping the toe in the water*—nid yw wedi bod yn fwy na hynny. Ond mae'n rhaid inni wneud mwy na hynny, rwy'n meddwl, yn y dyfodol.

Mr I. Jones: Just to add to that, you're right, we have launched something on YouTube, we're doing things on Facebook, we're dealing with short form on Facebook, but we're dipping our toe in the water—it's been no more than that. But we have to do more, I think, in the future.

[43] **Bethan Jenkins:** Felly, os byddai yna newid deddfwriaethol, byddech chi'n disgwyl, wedyn, y byddai'r cyllid yn dod i allu gwneud hynny yn fwy perthnasol i'r gwaith y byddech chi'n ei wneud ar blatfformau gwahanol, wedyn.

Bethan Jenkins: So, if there were to be a change in legislation, you would expect, then, that the funding would come to enable you to do that and to make it more relevant to the work that you do on different platforms.

[44] **Mr I. Jones:** Buasem. Nid yw'r lansio ar lwyfannau yn syml, ond mae e'n costio lot o arian i'w wneud, ac mae'n fwy na hynny—nid oes *one size fits all* bellach. Mae rhaid i ni gomisiynu cynnwys sydd yn ymddangos ar y brif sgrin a chynnwys atodol sy'n ymddangos ar lwyfannau eraill, ond hefyd comisiynu cynnwys ar gyfer y llwyfannau eraill yn gyntaf, wedyn ei yrru fe yn ôl i'r

Mr I. Jones: Yes. The launching on platforms isn't simple, but it does cost a lot of money to do, and it's more than that—there is no one size fits all now. We have to commission content that appears on the main screen and supplementary content that appears on other platforms, but also commission content for the other platforms first, and then send it back to the main screen. We have to

brif sgrin. Mae rhaid i ni wneud do everything.
popeth.

[45] **Bethan Jenkins:** Ocê, diolch.

Bethan Jenkins: Okay, thank you.

[46] **Mr H. Jones:** O ran y cwestiwn cyllid, dyna'r cwestiwn. Mae adolygiad yn digwydd yn ein hachos ni ryw unwaith bob 15 mlynedd. Mae o'n gyfle arbennig, gyda'n gilydd, inni edrych ar beth yw'r gofynion, ac felly beth sydd yn deillio o hynny. Os nad oes cyllid yn mynd i fod ar gael, beth yw'r cyfaddawdau y gall rhywun ddisgwyl i'r gwasanaeth eu gwneud? Dyma'r amser i gael y drafodaeth.

Mr H. Jones: In terms of that question of funding, a review happens every 15 years, in our case. It's a particular opportunity for us, together, to look at what the requirements are, and what stems from that. If there's no funding going to be available, what are the compromises that one can expect the service to make. This is the time to have that discussion.

[47] **Bethan Jenkins:** Diolch. Mae gan Jeremy gwestiwn.

Bethan Jenkins: Thank you. Jeremy has a question.

[48] **Jeremy Miles:** Roeddech chi'n sôn am Ddeddf Cyfathrebu 2003, sef y Ddeddf a wnaeth drawsnewid y dirwedd o ran hawliau cynhyrchu, hefyd, ar draws Prydain. Pan ddigwyddodd hyn yn yr Unol Daleithiau yn y 1970au, ar ôl cyfnod bu rhai darlledwyr yn gofyn am symud y pecyn hawliau yn ôl, oherwydd bod y pŵer wedi symud gormod o fewn y farchnad i'r cynhyrchwyr yn hytrach na'r darlledwyr. A fydddech chi'n gweld bod hynny yn rhywbeth y byddai S4C yn moyn gofyn amdano fe yn eich sefyllfa benodol chi fel darlledwyr—hynny yw, pecyn gwell o hawliau wrth eich cynhyrchwyr chi? Neu a ydych chi'n hapus gyda'r platfform sydd yn y Ddeddf?

Jeremy Miles: You talked about the Communications Act 2003, which is the one that transformed the landscape in terms of production rights across Britain. When this happened in the USA in the 1970s, after some time some broadcasters were asking to move the rights package back, because the power had moved too much in the market towards the producers rather than the broadcasters. Do you see that as something that S4C would want to request, in your specific position as a broadcaster—namely, a better rights package from your producers? Or are you happy with the platform that's in the Act?

[49] **Mr I. Jones:** Rydw i'n meddwl mai'r cwestiwn penodol neu briodol yw—. Yn 2003, fel rwy'ti'n dweud, y gwnaeth yr hawliau symud o'r darlledwr i'r cynhyrchwyr. Y ddadl buaswn i'n ei wneud yw bod hynny'n dda, a'i fod e, yng Nghymru, wedi helpu nifer o gwmnïau annibynnol i adeiladu busnesau, sydd wedi helpu'r economi, sydd wedi cael ardrawiad sylweddol yn ieithyddol a'n fasnachol. Ond y cwestiwn i fi yw: os nac ydyn nhw'n defnyddio'r hawliau hynny, yna efallai y dylai'r darlledwyr fod â'r hawl i gymryd yr hawliau yn ôl ac i ecsbloetio'r hawliau hynny eu hunain. Felly, dyna beth fuaswn i'n dweud, ond rwy'n credu ei bod yn iach fod cwmnïau yn gallu cystadlu yn y sector, fod ganddyn nhw hawliau i adeiladu eu *asset bases* nhw. Os nad ydyn nhw'n defnyddio'r hawliau, rwy'n meddwl y dylen nhw ddod yn ôl.

Mr I. Jones: I think the appropriate question in this regard is—. In 2003, as you said, the rights shifted from the broadcaster to the producer. The argument that I would make is that that is a good thing, and that in Wales it has helped a number of independent companies to build their businesses, which has helped the economy and which has had a huge impact, linguistically and commercially. But the question for me is: if they don't use those rights, then perhaps the broadcaster should have the right to take powers back and to exploit those rights themselves. So, that's what I would say, but I think it is healthy that companies can compete in the sector, that they have a right to build their asset bases. If they don't use the rights, I think they should be returned.

[50] **Jeremy Miles:** Ond bod hynny ddim yn digwydd ar eich traul chi fel eu prif gwsmer nhw—a fydddech chi'n mynd mor bell â dweud hynny?

Jeremy Miles: As long as that doesn't happen to the detriment of you as their main customer—is that what you're saying?

[51] **Mr I. Jones:** Sori—dyweda hynny eto.

Mr I. Jones: Sorry—can you repeat that?

[52] **Jeremy Miles:** Rŷch chi'n dweud ei bod yn beth da fod ganddyn nhw'r hawliau. Rwy'n deall pam rydych chi'n dweud hynny, ond os ydy hynny'n digwydd ar draul cyfle i chi, yn fasnachol, fel eu prif gwsmer nhw am gynnwys Cymraeg, a fuasech chi'n moyn gofyn am fwy o'r hawliau

Jeremy Miles: So, you would say that it's a good thing that they have those rights. I understand why you're saying that, but if that is happening to the detriment of a commercial opportunity for you as their main customer for Welsh content, would you want to ask for more of those

yna i'ch hunain?

powers for yourselves?

[53] **Mr I. Jones:** Buasem. Dyna beth roeddwn i'n ei olygu. Os wyt ti, fel cynhyrchydd, yn eistedd ar dy hawliau di, a ddim yn eu gwerthu nhw, neu ddim yn eu hecsbloetio nhw, yna pam na ddylen ni eu cael nhw yn ôl, os ydym ni'n teimlo y gallem ni wneud y gwaith hynny?

Mr I. Jones: Yes. That's what I meant. If you, as a producer, are not using your rights and you're not selling them or you're not exploiting them, then why shouldn't we have them back, if we feel that we could do that work?

[54] **Jeremy Miles:** Ocê, diolch.

Jeremy Miles: Okay, thank you.

[55] **Dawn Bowden:** Can I just ask, Ian, I think, in particular—what would be your priority platform now? You know, we're talking about the need to develop all the new platforms—is it the digital base that would be the priority?

[56] **Mr I. Jones:** You know, one of the most difficult things that my successor is going to have to cope with is that he or she has got to ride one, two, or three horses at the same time. We cannot exclude the core audience that watches the television services—the main television channel—but we have to target the audience segments that watch on other platforms. We've got no choice. And the word that I'd use is that we have to be ubiquitous. We've got to ride a number of horses at the same time, but we have to be ubiquitous.

[57] **Dawn Bowden:** Okay, thanks.

[58] **Bethan Jenkins:** Diolch. Mae Hannah yn mynd i ofyn cwestiynau ynglŷn â'r cyllid yn benodol. Rwy'n gwybod ein bod ni wedi dechrau trafod cyllid.

Bethan Jenkins: Thank you. Hannah is going to ask questions on funding specifically. I know we've started to discuss funding.

[59] **Hannah Blythyn:** Diolch, Chair. We've touched, obviously, on the issues with funding and the impact of cuts since 2010, which have been significant, as you've said previously. What sort of annual figure would you perhaps be looking at to enable you to fulfil your duties as a contemporary Welsh-language broadcaster? Is there something you have in mind?

[60] **Mr I. Jones:** So, in other words: what is sufficient financing?

[61] **Hannah Blythyn:** Yes.

[62] **Mr I. Jones:** I think to answer that question, I'd refer back to the analogy that I gave to Lee earlier about what other channels have been able to do, which is expand their offerings and go across platforms, and we haven't been able to do that. We need to do it in future. That costs money. With technological change, all new technologies cost money. It costs money to provide content across platforms, and I feel strongly that if our remit is not fit for purpose at the moment, I feel that our financing isn't. I cannot see how S4C can be ubiquitous across platforms in the future, and can target audience segments that are watching on different platforms, with the current financing, without becoming a second-class service in future. I don't think that the current financing we get is sufficient to target all those platforms and be ubiquitous.

[63] **Mr H. Jones:** Rwy'n meddwl Mr H. Jones: I also think—. We're hefyd—. Rydym ni'n mynd i fod yn going to be careful about saying, ofalus rhag dweud, 'Dyma chi'r 'This is the figure', because, for one ffigwr', achos, yn un peth, rwy'n thing, it's more important that we meddwl ei bod hi'n bwysicach ein look at the principles that are the bod ni'n edrych ar beth ydy'r basis for funding S4C over a period egwyddorion sy'n sail i ariannu S4C of 10 years, rather than just the dros gyfnod o 10 mlynedd, na jest figure for today. And we will be beth yw'r ffigwr am heddiw. Ac mi publishing a document soon that's fyddwn ni yn cyhoeddi dogfen yn going to offer evidence that the fuan sydd yn mynd i gynnig reviewer should take into tystiolaeth y dylai adolygydd gymryd consideration about what factors i ystyriaeth ynglŷn â beth yw'r should influence the question of what ffactorau ddylai ddylanwadu ar y is sufficient funding. And that relates a lot to who our competition is. With cwestiwn o beth sy'n arian digonol. Ac mae hynny'n ymwneud llawer efo whom are we supposed to compare pwy ydy'n cystadleuaeth ni, efo pwy S4C? And I would argue that S4C ydyn ni fod i gymharu S4C? Ac mi should be compared with mainstream fyddwn i'n dadlau y dylid cymharu services in the English language— S4C gyda gwasanaethau prif ffrwd compare how S4C's position, in eraill yn y Saesneg—cymharu sut mae relation to that competition, has sefyllfa S4C, mewn perthynas â'r changed over a period of 35 years. gystadleuaeth yna, wedi newid dros What are the additional requirements gyfnod o 35 mlynedd. Beth ydy'r and so forth? What is the cost of

gofynion ychwanegol a phethau felly? Beth yw cost cynhyrchu rhaglenni ar gyfer S4C o gymharu gyda tariffs ar gyfer cynhyrchu ar gyfer y rhwydwaith? Mae'r wybodaeth yna i gyd yn mynd i fod yn rhan o'r broses o edrych ar y cwestiwn: 'O gymryd hynny i gyd i ystyriaeth, sut, ar ddiwedd y dydd, mae penderfynu, dros gyfnod, beth yw'r cyllid sydd yn ddigonol?'

producing programmes for S4C compared with tariffs for producing for the network? All this information is going to be part of the process of looking at the question: 'Taking all of that into consideration, how, at the end of the day, can one decide, over a period of time, what is sufficient funding?'

[64] Nid yw'n gyfrinach bod pwysau mawr wedi bod yn y blynyddoedd diweddar, ac mae hynny yn cael ei adlewyrchu mewn pethau fel y canran o ailddarlledu sydd ar y sianel ar hyn o bryd, sydd wedi mynd i fyny rŵan i 58 y cant. Ym mis Awst, yn yr haf, mi welwch chi wasgu amlwg ar y gwasanaeth, oherwydd mae yna lot fawr o ailddarlledu, oherwydd ein bod ni am i'r arian gael ei wario yn y cyfnodau lle mae mwy o bobl yn gwyllo. Ond dyna chi sut mae'r gwasanaeth dan bwysau, a byddwn yn licio i'r dystiolaeth yna ddod allan yn ystod yr adolygiad.

It's not a secret that there has been great pressure in recent years, and that is reflected in things such as the percentage of repeats that are on the channel at the moment, which has increased now to 58 per cent. In August, in the summer, you'll see clear pressure on the service because there are a lot of repeats, because there is a need to spend a lot of money during those periods where more people are viewing. That's how the service is under pressure, and I'd like that evidence to come out during the review.

[65] **Mr I. Jones:** A allaf jest ychwanegu at hynny hefyd? Os ydych yn cymharu S4C gyda sianeli eraill, mae nifer o bethau'n dod yn amlwg. Mae'n gorbenion ni, ein *overheads* ni yn 4 y cant o gymharu â chyfartaledd gwasanaethau cyhoeddus, neu sefydliadau cyhoeddus o 11 y cant. Mae cost yr awr ein rhaglenni ni wedi gostwng o 35 y cant yn y pum, chwe blynedd diwethaf. A jest i edrych yn benodol ar y ffordd rŷm ni'n

Mr I. Jones: Can I just add to that as well? If you compare S4C with other channels, a number of things become clear. Our overheads are 4 per cent, compared to the average in public institutions of 11 per cent. Our cost per hour of programming has decreased from 35 per cent over the past five, six years. And just looking specifically at how we compare, in terms of how much we spend on programming, we spend £60,000 per

cymharu, o ran faint rŷm ni'n gwario ar raglenni o gymharu â sianeli eraill, rŷm ni'n gwario £60,000 yr awr ar adloniant. Mae ITV a BBC yn gwario £575,000 yr awr ar gyfartaledd. Ar ddrama, rŷm ni'n gwario £0.25 miliwn yr awr. Mae'r BBC ac ITV yn gwario ryw £800,000 yr awr. Felly, nid oes cymhariaeth, ac mae yna bwysau enfawr ar y sector cynhyrchu i ddarparu cyfresi i ni o'r ansawdd uchaf am lot llai o gost. Wrth fynd yn ôl at gychwyn y cwestiwn, dyna pam nad ydw i'n meddwl bod yr arian sydd gennym ni yn ddigonol ar hyn o bryd, os ydym ni yn mynd i dargedu pobl ar draws *platforms*, ac os ydym ni yn mynd i gadw i fyny gyda ein cystadleuwyr a sianeli eraill.

hour on entertainment. ITV and the BBC spend £575,000 per hour on average. On drama, we spend £0.23 million per hour. The BBC and ITV spend around £800,000 per hour. So, there is no comparison, and there is huge pressure on the production sector to provide series for us of the highest quality for a lot less money. To go back to the question, that's why I don't think that the funding that we have is sufficient at present, if we are going to target people across platforms, and if we're going to keep up with our competitors and other channels.

10:15

[66] **Hannah Blythyn:** Thanks. Just to move slightly away from that to the kind of commercial side of the operation, I think that you, in the evidence you put to us previously, said that you aspired to grow the income raised to 3 to 4 per cent from 2 per cent, but that that would be extremely difficult. How could S4C, perhaps, be supported or are there other things and mechanisms that need to be in place to help the channel raise more commercial revenue?

[67] **Mr I. Jones:** I'd refer back to a prior question as a starting point on that, and that is the Communications Act 2003 where the rights were given from the broadcasters to independent producers, so we can't exploit the rights that we pay for at this point in time. Sometimes we have nominal percentages of net revenue, but they're very small, usually. So, we're limited by what we can do commercially. If you look at what we can do, Channel 4 and S4C used to share the same broadcast platform in Wales, and at that point we were generating advertising revenue of around about £10 million to 12 million a year. Now, advertisers are London centric—all the decisions are taken in London. Advertising locally is tiny compared to London, and the effect of Channel 4 coming off the airwaves has been quite dramatic. Our

advertising revenue has dropped from £10 million to 12 million, to around about £1.5 million, which is about £0.75 million net contribution, which is miniscule in terms of the total budget. We're trying hard to increase that, and we're working with Sky who are distributing our advertising and sorting our advertising, but it's very, very difficult, and so is sponsorship.

[68] What we are also trying to do is to try and invest now for long-term returns. I'll give you the example of *Y Gwyll/Hinterland* where the public service side of S4C invested because we really wanted to see the project happen, but also the commercial side of S4C invested. Now, that series has been exploited by a company called All3Media, and a lot of companies have invested in the series. It's sold all over the world, it's really successful, but we won't start seeing returns on that until a second sale cycle, which will be six to 10 years after launch. So, what we're focusing on at the moment is looking at projects that we can invest in now, where the revenue is going to come back in five, six and 10 years.

[69] **Bethan Jenkins:** Diolch. Mae **Bethan Jenkins:** Thank you. Lee gan Lee Waters gwestiwn. Waters has a question.

[70] **Lee Waters:** I'll go back a step to the question of budgets and tariffs. True comparative figures and tariffs are quite hard to come by, but the figures you quoted comparing to ITV were about drama and network drama, I presume.

[71] **Mr I. Jones:** Yes.

[72] **Lee Waters:** Just in terms of non-drama tariffs, it strikes me that your production values are relatively high, very nice to look at, they're nicely produced programmes, but compared to the output that BBC Wales, and especially ITV Wales are producing, there's a real disconnect in that your production values are significantly higher than those of ITV Wales, for example. We don't have tariff figures from ITV Wales because they are commercially confidential, but I'm wondering if you could just respond to my impression that the amount you spend on non-drama production, there's room for efficiency savings there.

[73] **Mr I. Jones:** On non-drama production? I think we've cut to the bone, Lee. The only area I think in non-drama where we can be more efficient, and the independent sector can be more efficient, is actually by doing more with ITV and more with BBC Wales, so that we can share production costs and

both benefit from a project. So, you see a project in English on BBC Wales or ITV Wales, and in Welsh on S4C.

[74] **Lee Waters:** Is there scope for that? Are you exploring that?

[75] **Mr I. Jones:** We've been exploring it for the last five years. I've had regular discussions with Rhodri Talfan Davies at the BBC, and we've done quite a lot together over the last five years, and we continually explore that. We have a regular creative meeting that looks at partnering with BBC Cymru, but also Radio Cymru. We trialled some comedy pilots on Radio Cymru. We were hoping to flip those back into television; it didn't quite work. So, we're continually looking. We also have, as you know, a joint partnership board with the BBC that looks at savings that we can both make by working closer together.

[76] **Lee Waters:** What about the co-production with ITV that you mentioned—the potential for that?

[77] **Mr I. Jones:** I've had also several discussions with Phil Henfrey. We've done a number of projects outside of drama over the years with ITV Cymru, and we continue to have discussions about that.

[78] **Lee Waters:** And what about non-drama? Is there potential there?

[79] **Mr I. Jones:** That's what I said, yes—non-drama.

[80] **Lee Waters:** Because the evidence they've given us previously is that the advances in technology have meant that they've had more money to spend on programmes, and their programme budgets haven't needed to go up because the availability of technology has enabled them to do things cheaper. Does that not apply to you too?

[81] **Mr I. Jones:** Yes, I think it does, and I think we are doing things cheaper. As I said earlier, we've brought our costs per hour down by 35 per cent. That's a huge number, and that's over a five-year period. So, yes, I agree with you.

[82] **Lee Waters:** Okay, thanks.

[83] **Bethan Jenkins:** Diolch yn fawr [84] **Bethan Jenkins:** Thank you iawn. Mae cwestiwn gan Suzy Davies. very much. Suzy Davies has a

question.

[85] **Suzy Davies:** I just wanted to ask you a question about advertising. I appreciate it's just a tiny portion of your income, but without giving any figures or breaching any commercial confidentiality or anything here, can you give us any idea about how you ascertain what the market rate is to advertise on S4C? Because you are limited, of course, by geographical and language reach at the moment.

[86] **Mr I. Jones:** I'm not an expert in this area, but I can tell you that Sky are. Every three or four years we put that work out to tender.

[87] **Suzy Davies:** Right.

[88] **Mr I. Jones:** They ascertain that on our behalf. They represent a huge number of channels and can also have the ability to tailor advertising and localised advertising. So, they determine that on our behalf.

[89] **Suzy Davies:** That's helpful. Have you got a rough idea of—? You mentioned earlier on that a lot of advertising is London centric these days. What's the balance like at the moment on S4C? Just very roughly. I'm not holding you to a specific figure.

[90] **Mr H. Jones:** Probably about 90 per cent London—does that ring a bell?

[91] **Mr I. Jones:** I would say more than that.

[92] **Mr H. Jones:** More than that.

[93] **Mr I. Jones:** Yes.

[94] **Suzy Davies:** Okay. That's quite helpful. What I then wanted to ask you is: once that market rate is ascertained, do you have any scope to do special offers to new advertisers or use the money that you've made from other sources to reduce—?

[95] **Mr I. Jones:** We do that locally and we work with Sky on that. Just to go back a step, the way that Sky would do a deal with advertisers is that the advertiser wants to reach a wider demographic, and because Sky represents lots of different channels, they will say, 'Give us this and we'll guarantee you

the demographic across all this portfolio of channels,' which may or may not include S4C. Locally, I'm trying to think, there's—. I don't want to guess, but the number of brands locally are about 30 to 40 local advertisers that advertise on S4C.

[96] **Suzy Davies:** But they would get a cheaper rate, basically. Is that what you're saying?

[97] **Mr H. Jones:** What we do locally, specifically, is subsidise the production of Welsh-language ads. That has resulted in something like 50 advertisers advertising in the Welsh language, and probably most of them wouldn't do so otherwise. So, that is, I think, the element of subsidy that we provide.

[98] **Mr I. Jones:** Can I correct something I said? I would think that our local ads are around 10 to 15 per cent of the total.

[99] **Suzy Davies:** As I say, I'm not pinning you to specific figures; it's just to get a general sense. Thank you. Diolch.

[100] **Bethan Jenkins:** Diolch. Neil Hamilton.

[101] **Neil Hamilton:** I think you do an extremely difficult job very, very well, and the percentage that's accounted for by overheads compared with other channels demonstrates that completely. But the speed of change technologically and in terms of the kind of platform development that surrounds your industry is so rapid today that not only does it affect costs in broadcasting, but the cost of production has plummeted in recent years very rapidly, and other costs have stayed the same or gone up.

[102] It seems very difficult for me to understand how anybody doing your job can operate within a time frame for making these crucial decisions about public sector funding for you over a 10 or 15-year timescale. So, would it not be much better if that timescale were to be dramatically reduced to, say, five years? Of course, the things that you were talking about, Ian, in terms of broadcasting over many different platforms, didn't exist five or 10 years ago. So, your needs will change much more rapidly than the legislative environment and the funding environment in which you operate.

[103] **Mr H. Jones:** I think that's an interesting question. There's obviously a balance to be struck between stability and knowledge about what funding is

going to be available over a reasonable period of time, and trying to ensure that that funding is adequate for the functions for which it is meant to address. There's one thing specifically that I want to draw your attention to, to make sure that people are aware of here, because it goes to the heart of looking ahead at our future funding. As you know, 90 per cent of our funding currently comes from the licence fee, from the BBC, and then about 8 per cent comes from the Department for Culture, Media and Sport. Both of those elements are crucial to the totality of the funding available to us, and clearly the question of how much the total should be is one of the questions that underpins or underlies the review. I think it's worth pointing out that the framework agreement between the Government and the BBC, which is, if you like, a part of the charter discussion says something very specific about S4C funding. It says,

[104] '(3) The amount payable by the BBC to S4C under this clause is...in each of the financial years from 2017/2018 to 2021/2022, £74,500,000'

[105] which is the outturn figure in 2016–17, which is less than it was the previous year. Then it says,

[106] '(b) in each of the financial years from 2022/2023 to 2027/2028, an amount to be determined pursuant to the process referred to in paragraph (4).'

[107] So, in this, there is the result, if you like, of a discussion between Government and BBC, involving S4C, about what the licence fee funding is meant to be used for, and there's this concept of read-across from licence fee to S4C funding, which is embedded in that formulation. Then, the reference to the following five years is, again, interesting in itself because it does imply a process of deciding what the funding should be. I think that one of the key questions that we want to see coming out of this review is a definition of the kinds of things that should be involved in that process of looking ahead to the subsequent five years, because I can't see any prospect of changing that BBC money—the licence fee money—during the forthcoming five years, because it's part of the fundamental deal between the Government and the BBC. The second paragraph—the paragraph that that relates to then—says:

[108] '(4) Following the completion of the review of S4C, the Secretary of State, following consultation with the BBC and S4C, must set out the process for determining the amounts to be paid under paragraph (3)(b)'.

[109] That is, for the second five years, there has to be a process that is set out now, in the shorter term. I think what is going to be valuable is for us all to address the question of what should be in that process—what should the considerations be. For example, should it be clear that there should be an assessment of the outturn of licence fee funding? What has licence fee funding turned out to be during those five years? What are the prospects for licence fee funding in the subsequent five years? What has happened to inflation? And also, what has happened to money coming directly in grant as grant in aid? So, those are specific elements that could be described as the process that needs to be followed. Then, somewhere in that, there is the question, then, of: what are the needs, and how do those needs relate to the funding, which may or may not be available?

[110] **Neil Hamilton:** I understand. The second question that I wanted to ask was, really, to put the questions that Hannah asked the other way around. I understand your reluctance to give a particular figure for what would constitute sufficient funding for all that you want to do, but what could you do with, say, an extra £10 million a year that you can't do now?

[111] **Mr I. Jones:** In this document that we're going to publish, probably towards the end of this month, we'll be outlining some of our plans for the future, and they're based on just equality with what other broadcasters are doing.

10:30

[112] I'll give you one example—two examples of that. I took a huge risk before the Euros, and I'd make the same decision today, to go back on HD. HD costs about £1 million a year. I haven't found that money yet, but I want to try and keep S4C on HD in the future. So, there you go, that's £1 million for you. I've made it known, since being in this job, that I'd like to make S4C's content available to everybody, and free to everybody. Now, we're working with educational establishments to do that under ERA licences, but why shouldn't people who speak Welsh, or are learning Welsh or just want to watch S4C programmes with subtitles, watch something that was produced 10 or 15 years ago? But, to do that, we'll have to negotiate with unions to clear rights and we'll have to pay for platforms. So, if we were to launch, which I'd love to do, a library or a Netflix in Welsh, it would cost us £1.5 million, £2 million. So, straight away, there's £3 million without blinking an eyelid.

[113] **Neil Hamilton:** Well, I think those are very attractive ideas.

[114] **Bethan Jenkins:** Diolch. Lee Waters.

[115] **Lee Waters:** Can I just briefly follow up the idea of rights, going back to the earlier point about how young people, in particular, are accessing content—and this is another point that Huw Marshall made in his blog that I thought was very thoughtful, which is the challenge of how do you ensure the rights for new content allow it to be available for longer or on digital platforms—do you have any thoughts on that?

[116] **Mr I. Jones:** It's down to negotiation. Starting with the S4C television service, we have five-year licences and seven-year licences to broadcast programming for the original price—five years normally, seven years for kids' programming. We just have to negotiate to make sure that whatever we commission for the main television service is available on different platforms and to try and secure that for an economical cost. If we're commissioning digital first for, let's say, Facebook or YouTube, then we need to make sure that we buy out the rights for that platform, but add on the rights to flip it into the main television platform in future. It's a matter of negotiation with the rights holders.

[117] **Lee Waters:** Is that built into your current business model?

[118] **Mr I. Jones:** It is, yes.

[119] **Lee Waters:** So, that's something you're now doing as a matter of standard—

[120] **Mr Jones:** Sorry, to answer that, it's built into our current business model that we have to negotiate the flexibility. But I don't know what the price of some of that is going to be, and, therefore, that's why I said earlier that I don't think our current finance is sufficient to tackle things like that in future.

[121] **Lee Waters:** Right, but, as a matter of standard now, when you negotiate rights, you do it with a view to make it available—

[122] **Mr I. Jones:** You can't generalise on that. It's on case by case.

[123] **Lee Waters:** Right. That's your—

[124] **Mr Jones:** That is the intention.

[125] **Lee Waters:** That's the intention. Okay, thank you.

[126] **Bethan Jenkins:** Diolch. Rydym ni'n symud ymlaen yn awr at lywodraethu ac mae gan Dai Lloyd gwestiynau. **Bethan Jenkins:** Thank you. We're moving on now to governance, and Dai Lloyd has questions.

[127] **Dai Lloyd:** Diolch, Gadeirydd. A allaf i ofyn pa asesiad yr ydych chi wedi ei wneud o'ch trefniadau llywodraethu presennol a sut maen nhw'n effeithio ar eich gweithrediad chi? Rwy'n rhoi'r llwyfan ichi. Mae yna gwestiynau eraill yn dilyn. **Dai Lloyd:** Thank you, Chair. Could I ask what assessment you've undertaken of your current governance arrangements and how do these impact upon your operations? Over to you—there are other questions following.

[128] **Mr H. Jones:** Wel, mae cynnal adolygiad, wrth gwrs, yn gyfle i edrych ar faterion yn ymwneud â llywodraethiant, atebolrwydd a phob peth felly. Rydym ni'n dechrau gyda'r safbwynt bod S4C yn gorff annibynnol sydd â swyddogaeth benodol iawn, sef cynnal gwasanaeth Cymraeg. Mae hynny'n codi lot o gwestiynau, a swyddogaeth y corff yw penderfynu ar y gwahanol flaenoriaethau—o bryd i'w gilydd, sut mae cyflawni'r dasg honno orau. Os ydy annibyniaeth yn bwysig, yna mae angen i'r corff fod yn gorff annibynnol ac mae angen i'w gyfansoddiad o fod yn briodol ar gyfer corff annibynnol. Mae o'n gorff cyhoeddus annibynnol. **Mr H. Jones:** Undertaking a review, of course, is an opportunity to look at issues relating to governance, accountability and so forth. We start from the position that S4C is an independent body that has a specific function, namely maintaining a Welsh-language service. That raises a number of questions, and the function of the body is to decide on the different priorities—from time to time, how that task is best achieved. If independence is important, then there is a need for the body to be an independent body and there is a need for its constitution to be appropriate for an independent body. It's an independent public body.

[129] Rydw i'n meddwl bod yna gwestiynau priodol y gellir eu gofyn I think there are appropriate questions that could be asked

yn glŷn ag—er enghraifft, mae'r ffaith bod y BBC wedi creu bwrdd unedol, wel, mae yna drafodaeth a ydy hwnnw'n berthnasol i S4C. Fy marn gychwynnol i ydy: beth ydy'r gwahaniaeth yn union rhwng model presennol S4C—pe baech chi'n gwneud i ffwrdd â'r enw 'awdurdod' ac yn ei alw fo yn fwrdd, er enghraifft, beth yn wir fyddai'r gwahaniaeth ar wahân i'r ffaith nad yw, ar hyn o bryd, aelodau o'r *executive* yn aelodau o'r bwrdd ei hun? Maen nhw yn mynychu pob cyfarfod, yn rhoi arweiniad i'r bwrdd, yn darparu papurau sydd yn cyflwyno polisiau i'r bwrdd eu cymeradwyo. Felly, mater cymharol fach, pe bai hynny yn cael ei ystyried yn beth dymunol, fyddai i'r prif weithredwr, er enghraifft, fod yn aelod llawn o'r corff.

relating to, for example, the fact that the BBC has created a new unitary board. There's a discussion whether that is relevant to S4C. My initial view is: what is exactly the difference from S4C's current model if you took away the word 'authority' and called it a board, for example? What, really, would be the difference except for the fact that, at the moment, members of the executive aren't members of the board itself? They do attend every meeting, they provide leadership to the board, they provide papers that introduce policies to be approved by the board. So, it would be a relatively small matter, if that was considered to be desirable, for the chief executive, for example, to be a full member of the body.

[130] Ond dyna yn y bôn yw hanfod y corff, bod y penodiadau wedyn yn cael eu gwneud fel y maen nhw ar hyn o bryd, gan broses o benodiadau cyhoeddus, a bod yna fwyafrif o aelodau sydd yn anweithredol, a bod yna atebolrwydd i'r corff sydd yn darparu'r cyllid. Felly, dyna ydy'r hanfodion. Dyna rai o'r cwestiynau, rydw i'n meddwl, sy'n rhaid edrych arnyn nhw wrth edrych a ydy'r drefn bresennol yn addas i'w bwrpas ai peidio.

But that, essentially, is at the core of the body, that appointments are made, as they are at the moment, through a public appointments process, and that there is a majority of non-executive members, and that there is accountability to the body that provides the funding. So, those are the essentials. Those are some of the questions that I think need to be considered when looking at whether the current system is fit for purpose.

[131] **Dai Lloyd:** Dyna chi. Wel, yn dilyn hynny, a jest yn osod i'r naill ochr beth yr ydych chi newydd ei ddweud, yn eich barn chi, beth

Dai Lloyd: There you are. Well, following on from that, and setting aside what you've just said, in your opinion, what would an ideal set of

fyddai'r set ddelfrydol o drefniadau llywodraethu? Eto, mae'r llwyfan i chi. Pe buasech chi'n gallu pennu pethau o'r cychwyn ac yn gallu penderfynu, beth yw'r set ddelfrydol a'r ffordd i lywodraethu?

governance arrangements look like? Again, it's over to you. If you could set things from the very beginning and decide what the ideal set of arrangements would be, what would they be?

[132] **Mr H. Jones:** Yn bersonol, byddwn i, rydw i'n meddwl, yn codi'r cwestiwn ynglŷn ag a ydy enw 'yr awdurdod' bellach yn enw priodol. Achos rwy'n meddwl bod yr enw 'awdurdod' yn deillio o gyfnod pan oedd o, yn glir iawn, yn gorff a oedd yn hunanreoleiddio. Ers 2003, mae cyfrifoldebau rheoleiddio S4C yn gorwedd yn Ofcom.

Mr H. Jones: Personally, I think I would raise a question about whether the name 'the authority' now is an appropriate one. Because I think the name 'authority' stems from a period when it was very clear that it was a self-regulating body. Since 2003, the regulatory responsibilities for S4C lie with Ofcom.

[133] Mae yna ganfyddiad camarweiniol, rydw i'n meddwl, fod yr awdurdod a'r corff yn ddau gorff gwahanol. Nid ydyn nhw. Un corff sydd ac mae ganddo fwrdd sy'n digwydd cael ei alw yn awdurdod. Felly, pan fyddech chi'n mynd o dan yr wyneb, mae'r corff presennol yn gorff unedol, i bob pwrpas. Gellid ychwanegu'r prif weithredwr ac un neu ddau o'r swyddogion eraill heb fawr o drafferth a heb fawr o newid.

There is a misleading perception, I think, that the authority and the body are two separate things. They are not. There is one body and it has a board that happens to be called an authority. So, when you go into things, the current body is a unitary body, to all intents and purposes. You could add the chief executive and one or two of the other officials without much trouble or change.

[134] Ond y pethau sylfaenol ydy'r prosesau penodi. Rydw i'n meddwl ei bod hi'n beth da bod yr Ysgrifennydd Gwladol nawr yn ymgynghori gyda Llywodraeth Cymru ynglŷn â'r penodiadau anweithredol i'r bwrdd. Mae hynny i'w weld yn gweithio i mi.

But the basics are the appointment processes. I think it's a good thing that the Secretary of State now consults with the Welsh Government on non-executive appointments to the board. That seems to be working, in my view.

[135] Mae'r cwestiwn wedyn o'r berthynas gyda'r BBC yn un pwysig.

Then the question of the relationship with the BBC is an important one. We

Rydym ni'n mynd i mewn i gyfnod newydd rŵan, ac rydym ni wedi trafod hynny yn y pwyllgor yma o'r blaen. Ond ein barn ni yw, wrth i'r BBC newid ei gyfansoddiad, wrth i Ymddiriedolaeth y BBC, a oedd yn gorff a oedd â'r cyfrifoldeb o wneud yn siŵr bod y BBC yn cyflawni ei waith—. Beth sydd gyda chi rŵan yw bwrdd unedig, sydd yn anifail gwahanol.

are entering a new phase now, and we have discussed it in this committee before. But our view is, as the BBC changes its constitution, as the BBC Trust, which was a body that had responsibility to ensure that the BBC achieved its work—. What you have now is a unitary board, which is a different animal.

[136] Felly, beth rydym ni ei angen ydy perthynas dda, gynhyrchiol, adeiladol gyda'r BBC. Ond nid ydym ni'n meddwl ei bod hi'n briodol fod cynrychiolydd Cymru'r BBC yn eistedd fel aelod llawn o fwrdd S4C. Rydym ni'n dymuno gweld trefniadau gwahanol yn cael eu rhoi yn eu lle ar gyfer hynny.

So, what we need now is a good, productive and constructive relationship with the BBC. But we don't think that it's appropriate that the Wales representative of the BBC sits as a full member of S4C's board. We wish to see other arrangements being put in place for that.

[137] Un o'r elfennau allweddol, wrth gwrs, fydd natur y cytundeb a fydd rhyngom ni a'r BBC mewn perthynas â'r cyllid sydd yn dod o'r BBC. Mi fydd yna gytundeb newydd yn diffinio beth yn union ydy'r broses o adrodd i'r BBC am y defnydd o'r arian. Rydym ni'n gobeithio y bydd y cytundeb yna yn ei le cyn diwedd y mis, gyda lwc, ac mi fydd hwnnw yn diffinio'r berthynas gyda'r BBC i raddau helaeth.

One of the key elements, of course, will be the nature of the agreement between us and the BBC in relation to the funding from the BBC. There will be a new agreement that defines exactly the process of reporting to the BBC about the use of the money. We hope that that agreement will be in place by the end of the month, with any luck, and that will define the relationship with the BBC to a great extent.

[138] **Dai Lloyd:** Diolch am hynny. Jest i ddilyn, ond yn mynd ar gwrs ychydig bach yn wahanol ynglŷn ag atebolrwydd yn fwy cyffredinol, rydych chi wedi dweud wrth y pwyllgor yma o'r blaen eich bod chi'n

Dai Lloyd: Thank you for that. Just to pursue a slightly different track with regard to accountability more generally, you've said to this committee before that you're agnostic, as S4C, as to whether the

agnostig, fel S4C, ynglŷn ag a ddylai'r cyfrifoldeb am S4C gael ei ddatganoli o Lundain i Gaerdydd, ond y dylai'r atebolrwydd fynd gyda'r cyllid, yn naturiol—rydw i'n credu y buasem ni i gyd yn cytuno efo hynny.

responsibility for S4C should be devolved from London to Cardiff, but that the accountability should go with the funding, naturally—I think we would all agree with that.

[139] Yng nghyd-destun y digwyddiadau sydd ar y gweill nawr ynglŷn ag adolygiad ac ati, a ydych chi eisiau ymhelaethu ar y farn yna am le y dylai'r atebolrwydd fod? A ydych chi'n dal yn agnostig neu a ydych wedi cael rhyw ffydd yn rhywle newydd?

In the context of the events in the pipeline with the review and so on, would you like to expand on that view about where the accountability should lie? Are you still agnostic or have you come to a different conclusion?

[140] **Mr H. Jones:** Nid yw'n safbwynt ni—

Mr H. Jones: No, our view has not—

[141] **Bethan Jenkins:** Mae Dai eisiau clywed rhywbeth gwahanol, rwy'n credu. [*Chwerthin.*]

Bethan Jenkins: Dai wants to hear something different, I think. [*Laughter.*]

[142] **Mr H. Jones:** Nid yw'n safbwynt ni wedi newid. Mi fyddem ni'n cyfrannu at y drafodaeth. Yn amlwg, beth sydd o ddiddordeb sylfaenol i ni ydy sicrwydd fod pa drefn bynnag sydd yna mor debygol â phosibl o sicrhau dyfodol llewyrchus i'r sianel.

Mr H. Jones: Our position hasn't changed. We will contribute to the discussion. Clearly, what is of basic interest to us is the assurance that, whatever arrangement there is, it is as likely as possible to ensure a great future for the channel.

[143] **Dai Lloyd:** Da iawn.

Dai Lloyd: Fine.

[144] **Bethan Jenkins:** Jest o ran llywodraethu, roeddwn i jest eisiau gofyn cwestiwn ynglŷn ag a ydych chi'n gweld unrhyw fath o fewnbwn ar gyfer gwylwyr i'r broses llywodraethu. Yn hytrach na ymgynghori gyda nhw, a fydddech chi'n rhagweld proses sy'n cynnwys

Bethan Jenkins: Just in terms of governance, I just wanted to ask a question about whether you see any kind of input for viewers into the governance process. Rather than consulting them, would you foresee a process that would include viewers as part of the operation of S4C?

gwylwyr yn rhan o weithredu S4C?

[145] **Mr H. Jones:** Mae pob darlledwr cyhoeddus, rydw i'n meddwl, yn mynd drwy brosesau o feddwl am y cwestiwn yma, ac yn wynebu'r rhwystr sylfaenol o sut mae diffinio pwy yw'r gwylwyr a sut mae sicrhau cynrychiolaeth o wylwyr. Byddem ni yn ofalus iawn rhag creu paneli sydd yn honni eu bod nhw fel unigolion yn medru cynrychioli holl ystod y gwylwyr, achos rydw i'n meddwl bod yn rhaid inni ddefnyddio dulliau amrywiol iawn o ddod o hyd i farn ac ymateb gwylwyr, gan gynnwys prosesau ymchwil proffesiynol sydd yn dweud wrthym ni beth mae gwylwyr ar lawr gwlad yn ei ddweud. Mae'n bwysig ein bod ni'n clywed lleisiau go iawn. Mae'n bwysig ein bod ni'n nodi tystiolaeth go iawn sydd yn dod, er enghraifft, o ffigyrau gwyllo amrywiol ac eu trin nhw'n ofalus, ond mae yna gymaint o wybodaeth bwysig am ddymuniadau gwylwyr nid ydw i'n meddwl y byddai cael trefn ymgynghorol a meddwl bod hynny'n gwneud iawn am bopeth arall yn debyg o fod y ffordd orau ymlaen.

[146] **Bethan Jenkins:** Efallai na fyddai'n gwneud iawn am bopeth, ond efallai ei fod e'n ychwanegu at—. Nid ydych chi'n gweld y byddai fe'n ychwanegu dim o gwbl.

[147] **Mr H. Jones:** Wel, nid yw e fel petasai ni ddim yn gwneud dim byd nawr. Mi ydym ni. Nid yw e fel petasai

Mr H. Jones: Every public broadcaster, I think, is going through processes of thinking about this question, and facing the basic barrier of how to define who the viewers are and how to ensure a representation of viewers. I would be very careful about creating panels that claim that they as individuals can represent the whole range of viewers, because I think we have to use varied methods of seeking the views of viewers, including professional research procedures that tell us what viewers at grass-roots level are saying. It's important that we hear real voices. It's important that we identify real evidence that comes from viewing figures and treat them carefully, but there is so much important information about the desires and wishes of viewers that I don't think having a consultation process and thinking that it makes up for everything else is likely to be the best way forward.

Bethan Jenkins: It might not address all issues, but it might add to that. You don't see that it would do that.

Mr H. Jones: It's not as if we're doing nothing now. We are. It's not as if we're doing nothing now. For

ni ddim yn gwneud dim byd nawr. Mi ydym ni, er enghraifft, yn gwneud yn siŵr bod yna dri neu bedwar cyfarfod bob blwyddyn lle rydym ni'n mynd i wahanol rhannu o Gymru—a tu allan, y dyddiau yma—i glywed beth sydd gan bobl i'w ddweud. Rydym ni'n cymryd y farn yna i ystyriaeth. Mae o'n rhan o swyddogaeth aelodau'r awdurdod i wrando ar beth mae pobl yn ei ddweud, ac i ddod â hwnnw i mewn i'r drafodaeth ar gynnwys. Ond, fel roeddem ni'n ei ddweud, mae ymchwil, hefyd, yn ofnadwy o bwysig, ac mae yna brosesau ymchwil broffesiynol iawn sydd yn seiliedig ar—. Eu pwrpas nhw ydy sicrhau ein bod ni'n gwybod beth yw'r ymateb i'r cynnwys, beth mae pobl eisiau mwy ohono fo, beth mae nhw eisiau llai ohono fo.

example, we ensure that there are three or four meetings annually, where we go to different parts of Wales—and beyond, now—to hear what people have to say. We take those views into consideration. It's part of the function of members of the authority to listen to what people are saying and to bring that into the discussion on content. But, as we were saying, research is also crucial, and there are professional research arrangements in place. Their purpose is to ensure that we know what the response is to the content, what people want more of, what they want less of.

[148] **Bethan Jenkins:** Diolch. Lee **Bethan Jenkins:** Thank you. Lee Waters.

[149] **Lee Waters:** I just want to ask about governance. S4C has quite an unusual feature in terms of your governance arrangements, in terms of the longevity of some of the people involved. Your own position, for example, Mr Jones, is quite unusual, having been the chief executive for a long period, and now serving as the chair. I guess that reflects the challenge it is to recruit people with the sufficient qualifications and understanding to take on the position of chair, and no doubt that has strengths and that has weaknesses. I was just wondering if you have any reflections on how long you think it is appropriate for somebody to serve as chair of S4C for, given those challenges.

[150] **Mr H. Jones:** I think a maximum of two terms is my honest answer.

[151] **Lee Waters:** Remind me how long a term is.

[152] **Mr H. Jones:** A term is four years.

[153] **Lee Waters:** Right.

[154] **Mr H. Jones:** The fact is, there is an opportunity—. The term is four years, therefore the opportunity to serve a second term is a privilege, but it is something that the Government, in consultation with the Welsh Government, can decide. So, there's no automatic longevity. It's a four-year term, and the same goes for individual members. And these matters are always a matter of balance. I think, in any board, you do want a degree of combination of experience, knowledge, and then a fresh look at things, and that's why, for example, there will be a process starting shortly: we'll be appointing up to three new members. Or at least, we won't be, but the Government, in consultation with the Welsh Government, will be doing so. That will provide a freshening of the organisation, but I don't think we're essentially different, in that respect, to any other public body. These are the same questions that affect every public body: making sure you've got appropriate skills and a balance.

[155] **Lee Waters:** Your own position, in this respect, though, is quite different, isn't it?

[156] **Mr H. Jones:** Can I just answer? I didn't answer that. I finished as chief executive in 2005. I became chairman in 2011. There was no question of continuity from chief executive to chair. I came in in a totally new capacity in a totally new period, and I think the appointment panel took that into account at the time.

[157] **Lee Waters:** How long were you chief executive for—remind me?

[158] **Mr H. Jones:** Eleven and a half years.

[159] **Lee Waters:** Right. So, if you serve to the end of your second term, you will have been in a leadership role in S4C for almost 20 years—albeit with that gap in the middle. Given that it's such a fast-changing environment—and I'm not in any way criticising you in this; I'm just talking about the reflection it has on the governance arrangements and how difficult it is to find the appropriate people to fill these roles in S4C—do you think that's ideal, to have somebody in the leadership of an organisation in a fast-changing environment for almost two decades?

10:45

[160] **Mr H. Jones:** The answer is that the roles are very different, and I came in as chairman at a period of considerable stress in S4C, and my priority was not to run the organisation, but to appoint a chief executive who would do that. We were fortunate enough to get Ian, and the results, I think, speak for themselves. I think we've worked well for the past five years. We will be appointing a new chief executive during the course of the year, so that is another new challenge, but I'm very, very clear that being a chairman is a very different job to being a chief executive. But I'd like to think that the experience of being a chief executive actually informs the way you act as a chairman, in a constructive way.

[161] **Lee Waters:** In terms of the future of this review, you think that the current position of a four-year term, which is possible to be repeated, continues to be appropriate.

[162] **Mr H. Jones:** I think so, and I think it's fairly standard practice. My understanding of present DCMS policy, because DCMS has a number of boards that it has to appoint to, is that there is a growing wish on the part of Government to not extend periods, and that's perfectly understandable. I think that the present situation offers the flexibility to make the choice at the time.

[163] **Lee Waters:** Okay, thank you. Chair, shall I move on now to the relationship with the BBC? Can I just ask you to expand on something you said a few minutes ago about your view about the way the relationship should work between S4C and the new BBC board? You said that you wouldn't wish them to remain a member of the S4C Authority, or whatever it's called in the future. Can you just tell us a little bit about how then you see that relationship working between the new BBC board member for Wales and yourselves?

[164] **Mr H. Jones:** I think clearly that's to be discussed. I think the essence of it has to be a close relationship, and an open and honest one, whereby there are regular meetings, where there's a chance to make sure that we're making the best of the partnership, and to make sure that any issues are addressed early, and with a full knowledge of the other organisation's perspective. It could be, for example, by attendance at some authority meetings, as a guest, coupled with regular meetings, I would anticipate,

between the BBC member for Wales, together with the head of BBC Wales and the S4C chief executive— that you have a four-handed relationship, and keeping an eye on the relationship every three months or so, coupled with the regular meetings that already happen between Ian and Rhodri, which are very frequent, as I see it. So, I think there are different ways of doing it.

[165] **Lee Waters:** Obviously, the personalities involved make a huge difference to this, and I guess it helps the fact that the BBC board member currently is your predecessor as chair of S4C. And Ian Jones has said previously—

[166] **Mr H. Jones:** Not my predecessor; not exactly my predecessor.

[167] **Lee Waters:** Not chronologically, perhaps, but performed the same role in S4C, kind of illustrating my earlier point. Ian Jones told us earlier about the relationship he's cultivated with Rhodri Talfan Davies, which is a strong and robust one. So, obviously, the personalities make the machinery work. In terms of our thoughts about, structurally, how this should be put down for future years, what do you think the institutional arrangements should be? It's great that there's a bunch of people who get on with each other at the minute, but, obviously, a structure needs to be tested in anger as well. So, how do you think that arrangement should be enshrined to make sure that, regardless of the personalities, this is a strong and productive relationship between the two organisations?

[168] **Mr H. Jones:** Well, there are things such as reference processes from the meetings between the chief executive and the director for Wales to the S4C Authority and to the BBC board. There are processes for meetings between the chairman of the authority and the chairman of the BBC, for example. That should be enshrined as a regular occurrence. So, you have different fall-back processes, I think, which are there, which are agreed and documented, and that is what is meant to happen, if things should start to go wrong. Obviously, the intention is for them not to go wrong, but I think that's the way it works. And I can't see that, otherwise, you can preserve the concept of S4C as an independent body. That has to be the—. Either it is independent, or it's not. And if it's independent, you have to give it some sort of responsibility for acting responsibly and for, hopefully, the BBC doing the same.

[169] **Mr I. Jones:** Can I add to that, Lee? For me, all of that has to be included in a watertight operating agreement, and it's a contract or an

operating agreement that will drive the relationship in future. All of those elements need to be specified in that agreement so that you can see what happens if there's no adherence to that contract.

[170] **Lee Waters:** That's all predicated on the importance of independence being maintained. Why is independence so important? Surely, the viewer doesn't particularly care. This is the argument we hear from the BBC about so much of their on-screen production being made by independents—the viewer doesn't really mind, the imprimatur is the same; it's the quality they care about. I guess the argument could be extended to S4C and the BBC's relationship as well. Why is the independence of S4C—? Does the viewer really care about that?

[171] **Mr H. Jones:** The independence is based on the premise that S4C's job is to prioritise the S4C service regardless of other considerations. If S4C is not independent, and if, for example, it becomes part of the BBC, then questions relating to S4C's funding and so forth get subsumed into broader questions. The BBC has relationships all over the UK. We have clarity at the moment as to what is being spent on the S4C programmes because S4C is independent; it has a separate set of accounts. We say, 'This is what it costs, this is what the back-up systems cost' and all the rest of it. If you do away with that independence, then you lose sight of what that is costing. I think that is the basic commitment that was made back in 1982: 'Yes, you will have an organisation whose sole purpose is to look after this.'

[172] **Lee Waters:** I take the point about being entangled with broader BBC politics, but under the new arrangements—

[173] **Mr H. Jones:** Well, it's not politics; it's finance as well.

[174] **Lee Waters:** Pressures. Okay, I was using politics as a shorthand. The pressures—that's an entirely fair point. But take the new arrangements under the new BBC charter where BBC Wales will have its own separate operating licence within Wales, could that not be broadened to include the provision of Welsh services as well? That would inoculate you somewhat against those broader pressures because you'd be able to identify what has been agreed to be provided in Wales. I think it's only right, as we look forward to the future of S4C, that we do test the question of the importance of independence and are there other ways of achieving similar aims.

[175] **Mr H. Jones:** I think I'd come to back to my—. Even if you had that

licence, and even if it were to include the S4C service, you have done away with the element of ring fencing, which is the embodiment of the independence. And, ultimately, you will have pressures that challenge the ability of that independence—

[176] **Lee Waters:** But that ring fencing is being eroded anyway, isn't it? Because most of your funding now is through the licence fee, not from the DCMS grant.

[177] **Mr H. Jones:** But it's there—. Coming back to the five years and the 10 years, it's there, it's clear, and we can all form an opinion as to whether the—

[178] **Lee Waters:** It's a small proportion. So, in practice, is this really a big deal?

[179] **Mr H. Jones:** Sorry, that small proportion—?

[180] **Lee Waters:** The amount of money you get outside of the BBC settlement is a small proportion of the overall funding you get.

[181] **Mr H. Jones:** Yes, but the agreement for the BBC funding is an agreement per se for five years, for 10 years, whatever it is, and that's because we're independent. The agreement in relation to S4C funding that was struck between Government and the BBC in 2010, and also then repeated in 2015, was treating S4C as an entirely unique part of UK broadcasting, and that's because it was independent, and because it had that status and because it had that element of importance granted to it as something unique which needed to be given special treatment.

[182] **Mr I. Jones:** Can I just add to that, Lee? I think there's a more basic point as well. In any democratic society, competition and choice is important. I think what an independent S4C brings to Wales is, simply, plurality: there's more choice; there's more competition; it creates better skills; it creates more effectiveness, and I think plurality is a fundamental tenet of independence.

[183] **Lee Waters:** Okay, thank you.

[184] **Bethan Jenkins:** Diolch yn fawr **Bethan Jenkins:** Thank you very iawn. Rydym ni'n symud ymlaen nawr much. We'll move on to questions gyda chwestiynau Jeremy Miles. from Jeremy Miles.

[185] **Jeremy Miles:** Diolch. Rwyf eisiau cyffwrdd ar ddau destun: gwelededd y sianel, ond yn gyntaf, rwyf eisiau cyffwrdd ar y cwestiwn o effaith economaidd y sianel yng Nghymru ac efallai y mwyaf cyfredol yn y cyd-destun hwnnw yw'r symud i Gaerfyrddin. O'ch safbwynt chi, a ydych chi'n deall nawr bod yr arian i gyd yn ei le i alluogi hynny i ddigwydd?

Jeremy Miles: Thank you very much. I just want to touch on two issues: the visibility of S4C, but first I want to touch on the economic impact of the channel in Wales and, perhaps, the most current issue in that context is the move to Carmarthen. From your position now, are you clear that the money is in place to enable that to happen?

[186] **Mr I. Jones:** Fe af yn ôl i 2014. Yn 2014, cyn gwneud y penderfyniad a oeddem ni'n mynd i adleoli i Gaerfyrddin neu i Wunedd neu i unrhyw le arall, fe wnaeth yr awdurdod ofyn i mi sicrhau bod yr arian ar gael—bod yna ymrwymiad di-droi'n-ôl i'r arian. Ac fe gawsom ni'r ymrwymiad di-droi'n-ôl yna gan y brifysgol yng Nghaerfyrddin cyn dod i benderfyniad ar adleoli i Gaerfyrddin. Nid yw hynny ddim wedi newid. Fe wnes i ofyn eto, ac fe wnaeth y cadeirydd ofyn eto, ryw chwe mis yn ôl, a rhyw ddeufis yn ôl, ac fe gawsom ni'r gwarant yna ei fod yn ymrwymiad di-droi'n-ôl. Mae hynny i mi yn golygu—ac yn Saesneg, *binding assurance*—bod yr arian yna i adeiladu'r ganolfan.

Mr I. Jones: I will return to 2014. In 2014, before making the decision whether we were going to relocate to Carmarthen or Gwynedd or any other place, the authority asked me to ensure that the funding was available—that there was an unequivocal commitment to the funding. And we did have that unequivocal commitment from the university in Carmarthen before coming to a decision on relocation to Carmarthen. That hasn't changed. I've asked again, and the chair asked again, around six months ago and two months ago, and we did have that guarantee that there was an unequivocal commitment. It was a binding assurance that that funding is there to construct the centre.

[187] Nawr, i fod yn glir, ein rôl ni yw tenant angor. Mi wnaethom ni edrych ar lot o wahanol opsiynau dros y cyfnod o ystyried adleoli gweithgareddau S4C y tu allan i Gaerdydd, ac fe wnaethom ni benderfynu ac am resymau risg ac

But to be clear, our role is as an anchor tenant. We looked at several different options over a period of considering relocation of S4C's activities outside of Cardiff, and we decided for reasons regarding risk and value for money that the best

am resymau gwerth am arian mai'r peth gorau i'w wneud fyddai bod yn denant angor mewn adeilad, waeth ble fyddai'r adeilad hwnnw.

thing to do was to be an anchor tenant, wherever that building would be.

[188] **Jeremy Miles:** Fe ddown ni at y cwestiwn yna mewn eiliad. Oeddech chi'n synnu, felly, fod y brifysgol yn gofyn am fwy arian gan Lywodraeth Cymru, gan eich bod chi'n deall bod yr arian yn ei le?

Jeremy Miles: We'll come to that question in a minute. Were you surprised therefore that the university was asking for more money from the Welsh Government, because you understood that the money was in place?

[189] **Mr I. Jones:** Dim o gwbl; rwy'n credu bod y ddau gwestiwn yn hollol wahanol. Mae hwn lan i'r brifysgol, ond fy marn i yw: os yw'r datblygiad hwnnw yn creu impact economaidd, ieithyddol a chymdeithasol yn yr ardal, a'i fod e'n ticio'r bocsys i gyd i Lywodraeth Cymru, yna mae'n eithaf naturiol bod y brifysgol yn mynd i ofyn i Lywodraeth Cymru am gyfraniad.

Mr I. Jones: Not at all; I think that the two questions are entirely separate. This is up to the university, but my opinion is that if that development creates an economic, linguistic and social impact in the area, and that it ticks all of the boxes for the Welsh Government, then it follows on naturally that the university would ask the Welsh Government for a contribution.

[190] **Mr H. Jones:** Roedd y cynllun o'r cychwyn—cynnig y Drindod—yn nodi y bwriad i ymgeisio am arian grant—grant Ewrop ar y pryd, ac wedyn fe symudodd o i fod yn grant gan y Llywodraeth. Felly, mi ofynnem ni, 'Wel, beth sy'n digwydd os nad yw eich cais chi yn llwyddiannus?', ac fe gawsom ni yr ymrwymiad yna a oedd yn rhyw fath o waelodlin i'r holl beth. Ond roedd o wastad yn glir i ni eu bod nhw'n mynd i fod yn ymgeisio am grantiau.

Mr H. Jones: The scheme from the beginning—the offer from Trinity—did note the intention to seek grant money—a European grant at the time, and then it moved to be a grant from the Government. So, we asked, 'What happens if your application isn't successful?', and we had that commitment that was a sort of baseline to the whole thing. But it was always clear to us that they were going to seek grants.

[191] **Jeremy Miles:** O ran y cwestiwn am eich statws chi fel tenant, mae

Jeremy Miles: In terms of the question about your status as a

adroddiadau wedi bod y bydd rhent y cyfnod wedi cael ei dalu mewn un flwyddyn—y flwyddyn gyntaf. A ydy hynny'n wir?

[192] **Mr I. Jones:** Mi fyddwn ni'n talu rhent ymlaen llaw unwaith rydym ni'n hapus bod y gwasanaeth a'r gofod rydym i fod i'w gael wedi ei sortio. Ond jest i fynd yn ôl cam er mwyn rhoi'r cefndir hwnnw i chi, achos mae yna straeon cymysglyd iawn gyda ffeithiau anghywir wedi bod yn y wasg. Cyn dod i benderfyniad ynghylch a oeddem ni'n adleoli i Gaerfyrddin neu Gaernarfon, fe wnaethom ni yn glir i bawb bod gennym ni £3 miliwn y byddem ni'n fodlon ei fuddsoddi fel rhent ymlaen llaw mewn unrhyw adeilad, pe byddai'n helpu'r adeilad hwnnw i gael ei wireddu. Fe wnaethom ni hynny cyn i'r penderfyniad gael ei wneud. Fe edrychom ni ar saith neu wyth gwahanol opsiwn, gan gynnwys cymryd rhan ecwiti mewn unrhyw adeilad, ond fe benderfynom ni ar ôl craffu ar y project yn fewnol ac yn allanol y byddai'n rhoi mwy o sicrwydd i S4C i wneud blaendal rhent. Mae'r rhesymau am y blaendal rhent yn syml iawn. Nid oes *rent increases* dros 25 mlynedd. Nid oes yna effaith chwyddiant dros y cyfnod hwnnw, felly rydym yn gwybod faint rydym ni'n ei dalu. Rydym yn gwybod dros y cyfnod—

tenant, there have been reports that the rent will be paid in one year—the first year. Is that true?

Mr I. Jones: We will be paying rent in advance once we're content that the service and the space that we are meant to have has been sorted out. But just to go back a step to give the background of that to you, because there have been mixed stories given with the wrong facts in the press. Before coming to a decision on whether we relocated to Caernarfon or to Carmarthen, we made it clear to everyone that we had £3 million that we would be willing to invest as rent in advance in any building, if it would help that building to be realised. We did that before the decision was made. Now, we looked at seven or eight different options, including taking an equity stake in any building, but we decided after scrutinising the project internally and externally that it would give greater assurance to S4C to make a rent-in-advance payment. The reason for that is that there won't be any rent increases over 25 years. There's no effect in terms of inflation over that period, so we know how much we're going to pay. We know that over a period of time—

[193] **Jeremy Miles:** Ocê, ond beth os ydych chi eisiau symud?

Jeremy Miles: Okay, but what if you want to move?

[194] **Mr I. Jones:** Nid wyf yn credu y byddai unrhyw ddarlledwr sydd yn buddsoddi mewn adeiladwaith mewn unrhyw le—. I mi, nid yw'n gwneud sens i'w wneud e am lai na rhyw 20 mlynedd. Nid yw'n gost-effeithiol i'w wneud e.

Mr I. Jones: I don't think that any broadcaster that is investing in infrastructure in any place—. To me, it wouldn't make sense to do it for less than 20 years. It's not cost-effective to do that.

[195] **Jeremy Miles:** Rydym ni'n byw mewn tirlun darlledu a chyfryngau sy'n *fluid* i ryw raddau. Nid ydych yn gweld dros y cyfnod efallai y byddai angen gwneud penderfyniad gwahanol o gwbl.

Jeremy Miles: Okay, and we live in a broadcasting and media landscape that is fluid to some extent. You don't see over that period that a different decision might not need to be taken at all.

[196] **Mr I. Jones:** Yn fy marn i, na. Y penderfyniad mwyaf a oedd gennym ni i'w wneud—ac mae hwn yn benderfyniad enfawr—oedd, unwaith y daethom ni i'r casgliad ar ôl astudiaeth dichonolrwydd ac ar ôl cael toriadau cyllid nad oedd dewis gennym ni—ein bod ni'n methu â fforddio aros yn Llanisien a bod yn rhaid i ni symud tu allan. Y cwestiwn wedyn oedd: a oeddem ni yn cadw'r darlledu a'r *playouts*, a chadw'r corff fel un corff? Neu a fyddem ni'n arbed arian a '*de-risko*' y peth trwy allanoli'r darlledu i rywun arall fel y BBC?

Mr I. Jones: In my opinion, no. The most important decision that we had to make—and this is an enormous decision—was that once we came to the conclusion after a feasibility study and after facing budget cuts—that we couldn't afford to stay in Llanishen and that we did have to move out. So, the question then was: did we keep the broadcasting and the playouts and the body as one body together, or would we save money and de-risk the issue by outsourcing broadcasting to others such as the BBC?

11:00

[197] **Jeremy Miles:** Ond ar y cwestiwn o'r statws tenant yna, rydych chi wedi dechrau ar y ffigwr o £3 miliwn—dyna beth ddywedoch chi nawr, sef bod y swm hynny ar gael i fuddsoddi yn y project. Felly, wnaethoch chi ddim dechrau o

Jeremy Miles: But back to the question on this tenant position. You started from the figure of £3 million—that's what you said, that that sum is available to invest in the project. Therefore, you didn't start from the position of what the rent in

safbwynt beth fyddai'r rhent yn yr ardal leol dros y cyfnod a beth fyddai'r swm hynny. the local area would be over the period and what that sum would be.

[198] **Mr I. Jones:** Wrth gwrs, fe wnaethom ni edrych ar hynny. **Mr I. Jones:** Oh yes, of course—we did look at that.

[199] **Jeremy Miles:** So, o ran cyllideb y sianel, mae proses wedi mynd trwyddi o edrych ar beth fyddai'r rhent tasech chi ddim yn ei dalu fe yn y flwyddyn gyntaf, a'r rhent tasech chi wedi, a'ch bod chi wedi arbed arian wrth wneud hynny. **Jeremy Miles:** So, in terms of the channel's budget, there has been a process of looking at the rent if you weren't paying it in the first year, and the rent that you would have paid, and you have saved money in doing so.

[200] **Mr I. Jones:** Ydym. Y *guideline* y ces i gan yr awdurdod oedd y dylai fe fod yn gost niwtral, ac, ar hyn o bryd, dros y cyfnod, rydym ni'n arbed miliynau. **Mr I. Jones:** Yes. The guideline that I received from the authority was that it should be cost neutral, and at present, over the period, we're saving millions.

[201] **Mr H. Jones:** Rydw i'n meddwl bod rhaid tanlinellu bod hwn yn fwy na jest chwilio am adeilad i S4C. Mae hwn yn gynllun sydd yn anelu at drawsnewid diwydiant mewn ardal benodol. Nid ydy'r math yma o newid ddim yn digwydd os nad oes yna gorff yn fodlon ymrwymo. Rydw i'n meddwl ein bod ni'n gallu edrych ar bethau fel y BBC yn Salford, er enghraifft, neu hyd yn oed y BBC yng nghanol Caerdydd. Mae'r rhain yn ymrwymadau mawr, tymor hir, yn enwedig Salford, os ydych chi'n edrych ar hynny. Nid yw hynny wedi digwydd gan ddweud, 'Ond roedd rhaid inni gadw'r opsiynau'— **Mr H. Jones:** And I think it needs to be underlined that this is more than just looking for a building for S4C. This is a scheme that aims to transform an industry in a specific area. This sort of change doesn't happen if there isn't a body that's willing to commit, and I think we can look at things such as the BBC in Salford or even the BBC in the centre of Cardiff. These are major commitments in the long term, especially if you look at Salford. That hasn't happened with people saying, 'Well, we have to keep the options'—

[202] **Jeremy Miles:** Na, ond roeddwn i'n gofyn y cwestiwn yng nghyd— **Jeremy Miles:** No, but I was asking the question in the context of your

destun eich sylwadau chi yn gynharach ynglŷn â chyllid a'r gwasgedd ar gyllid. Felly, dyna oedd pwrpas y cwestiwn.

comments earlier about funding and the pressure on funding. That's the purpose of the question.

[203] **Mr I. Jones:** A gaf i ddod nôl at un pwynt sydd yn bwysig? Fe wnaethom ni *spreadsheets* ar ben *spreadsheets* ar ben *spreadsheets*, ac os ydych chi'n cymharu'r rent safonol yng Nghaerdydd, yr opsiwn a oedd gyda ni o dalu rhywbeth fel £25 y *square foot*, ac, yng Nghaerfyrddin, talu rhywle o gwmpas £8.50 i fyny. Mae'r gymhariaeth yn syml.

Mr I. Jones: May I come back to one point that's important? We've put together spreadsheet after spreadsheet on this, and if you compare the standard rent in Cardiff, the option that we had was paying something like £25 per sq ft, and, in Carmarthen, paying about £8.50 and upwards of that. So, the comparison is a simple one.

[204] **Jeremy Miles:** Ar yr effaith economaidd yn ehangach, nawr, a fuasai unrhyw beth oni bai am fwy o gyllid yn eich galluogi chi i gael mwy o impact economaidd na sydd gyda chi hyd yn oed nawr ar yr economi'n gyffredinol yng Nghymru?

Jeremy Miles: On the wider economic impact now, would anything except for more funding enable you to have more of an economic impact than you can have now on the economy in general in Wales?

[205] **Mr I. Jones:** Rydw i'n meddwl, fel rŷm ni wedi sôn eisoes, pe bai gennym ni fwy o hyblygrwydd gyda'r *remit* a beth gallwn ni ei wneud yn fasnachol, a'i fod e'n fwy na *incidental and conducive*, byddai gyda ni siawns i fuddsoddi mewn ystod ehangach o bethau. Nid ydw i'n gwybod os gwnawn ni fwy o arian yn y tymor hir, ond mae'r hyblygrwydd hynny yn rhoi mwy—

Mr I. Jones: I think, as we've already mentioned, if we have greater flexibility with the remit and what we can do commercially, and it's more than just incidental and conducive, then we would have an opportunity then to invest in a wider range of things. I don't know whether we would make more money in the long term, but that flexibility would give more—.

[206] **Mr H. Jones:** Un peth yr ydym wedi gofyn amdano fo ydy mwy o hyblygrwydd yn yr hawl i weithredu i gychwyn mentrau masnachol. Ar hyn o bryd, mae o'n eithaf cyfyng, beth

Mr H. Jones: One thing that we have asked for is for more flexibility as regards the right to start commercial enterprises. At the moment, what we can do is quite restricted. In a way,

rydym ni'n cael gwneud. Mae o, mewn ffordd, yr un math o *remit* ac sydd gan y gwasanaeth cyhoeddus. Byddai'n help i ni gael mwy o ryddid pan mae yna gyfleoedd yn dod, i fachu arnyn nhw, a byddwn i'n gobeithio wedyn, pe bai hynny'n llwyddo, y byddai yna effaith economaidd yn sgil hynny.

it's similar to the remit of a public service. It would be a help to us to have more freedom where opportunities arise, in order to grab those opportunities, and I would hope then, if that succeeded, that there would be an economic impact.

[207] **Jeremy Miles:** So, rhywbeth mwy fel *remit* BBC Worldwide neu rywrbeth, efo elfen fasnachol.

Jeremy Miles: So, it would be something more akin to the remit of BBC Worldwide, with a commercial element.

[208] **Mr I. Jones:** Neu Channel 4. Fe wnaeth *remit* Channel 4 newid yn y Digital Economy Act 2010. Fe gawson nhw lot mwy o hyblygrwydd masnachol, ond chawsom ni ddim.

Mr. I. Jones: Or Channel 4. Channel 4's remit changed in the Digital Economy Act 2010. They had much more commercial flexibility, when we didn't.

[209] **Jeremy Miles:** Jest i gloi—efallai fod hyn yn perthyn i'r testun hynny hefyd—o ran eich gallu chi i gyfathrebu trwy fformatau teledu gwahanol neu ar-lein, a oes yna unrhyw rwystredigaethau yr ydych chi'n gweld, y tu hwnt i'r cwestiwn o gyllid yn y dyfodol?

Jeremy Miles: So, just to conclude—and this is perhaps relevant to that subject also—in terms of your ability to communicate via different television platforms and online, are there any restrictions that you see, beyond the question of funding in the future?

[210] **Mr H. Jones:** Rydw i'n meddwl bod cyllid yn rhan enfawr ohono fe, ac, fel rhan o hynny, fel dywedais i yn gynharach, mae'n rhaid i ni negydu'r hawliau gyda'r gwahanol undebau i sicrhau ein bod ni'n gallu rhoi'r cynnwys allan.

Mr H. Jones: I think that funding is a huge part of this, and, as part of that, as I said earlier, we do have to discuss the rights with different unions to ensure that we can get that content out.

[211] **Jeremy Miles:** Mewn sgysiaau ar wahân, tu fas i'r pwyllgor hwn, rydych chi wedi sôn am y cwestiwn o

Jeremy Miles: In conversations outside this committee, you've talked about apps on the interactive

apps ar yr IPG, ac ati. A ydy'r pethau yna yn dal i'ch poeni chi?

programme guide. Are those things still a concern to you?

[212] **Mr I. Jones:** Wel, un o'r pethau mwyaf sydd yn fy mhoeni i am y dyfodol, heblaw am *riding two horses*, neu'r ffaith bod popeth yn *ubiquitous*, yw *public service prominence*. Mae gan bob darlledwr cyhoeddus ar y foment *public service prominence*. Rydym ni i fod ar rif 4 ar yr EPG, ond gyda rhyw 95 y cant bellach o'r cyhoedd yn prynu *smart tvs*, nid oes gyda ni ddim *prominence* ar smart tvs. Nid oes yna ddim *prominence* ar unrhyw lwyfan arall, ac mae hynny'n fy mhoeni fi. Dyna pam rydw i'n meddwl bod yn rhaid i ni fod yn *ubiquitous*, mae'n rhaid i'r brand fod yn *ubiquitous*, ac mae'n rhaid i'n cynnwys ni fod ar gael ar ystod ehangach o lwyfannau i'r gynulleidfa ehangaf posibl.

Mr I. Jones: Well, one of the greatest issues that concerns me, with the exception of riding two horses or that everything is ubiquitous, is public service prominence. Now, every public broadcaster at present has public service prominence. We're meant to be on No. 4 on the EPG, but I think 95 per cent, now, of the public buys smart tvs. We don't have prominence on smart tvs. We don't have prominence on any other platform. That concerns me, and so that's why I think we have to be ubiquitous. The brand has to be ubiquitous and our content has to be available on a wider range of platforms to the widest possible audience.

[213] **Jeremy Miles:** Diolch.

Jeremy Miles: Thanks.

[214] **Bethan Jenkins:** Jest un cwestiwn olaf sydd gennyf i. Roedd arian o Ewrop wedi cael ei ddefnyddio ar gyfer *Y Gwyll*, er enghraifft. Beth ydych chi'n ei weld yw eich perthynas chi gyda chael unrhyw fath o gefnogaeth ariannol gan Ewrop gyda'r sefyllfa Brexit sydd ohoni ar hyn o bryd?

Bethan Jenkins: I have just one final question. Funding from Europe was used for *Y Gwyll*, for example. How do you see your relationship in terms of obtaining financial support from Europe, given the Brexit situation at the moment?

[215] **Mr I. Jones:** Rydw i'n meddwl mai'r peth pwysig o ran edrych ar *Y Gwyll* yn y dyfodol, neu unrhyw gyfres ddrama arall, yw bod yna berthynas da rhwng S4C a darlledwyr

Mr I. Jones: I think that the important issue, when looking at *Y Gwyll/Hinterland* in the future, or any other drama series, is that there is a good relationship between S4C and

mewn gwahanol rannau o'r byd. Ar *Y Gwyll*, gwnaeth sianel o Ddenmarc ragbrynu *Y Gwyll* oherwydd perthynas dda. Gwnaeth y BBC brynu'r gyfres gyntaf. Erbyn hyn, mae'r BBC yn cydgynhyrchu. Felly, i mi, nid mater o gael arian cyhoeddus yw *crux* y peth, ond sefydlu partneriaethau da gyda darlledwyr ar draws y byd, fel ein bod ni'n gallu dod â'r darlledwyr hynny i mewn i gydariannu prosiectau o'r cychwyn cyntaf.

broadcasters in different parts of the world. On *Y Gwyll/Hinterland*, a channel from Denmark bought *Y Gwyll/Hinterland* in advance, because of a good relationship. The BBC bought the first series, but, now, the BBC is a co-producer. So, for me, the crux of the issue is not securing public funding, but establishing good partnerships with broadcasters across the world, so we can bring those broadcasters in to co-fund projects from the very beginning.

[216] **Bethan Jenkins:** Diolch yn fawr iawn am ddod i roi tystiolaeth inni heddiw. Rwy'n siŵr y byddwn ni'n cysylltu â chi eto ynglŷn â'r adolygiad yma. Diolch yn fawr iawn.

Bethan Jenkins: Thank you very much for coming to give evidence here. I'm sure we will be in touch again in relation to this review. Thank you very much.

[217] **Mr H. Jones:** Diolch i chi am eich amser.

Mr H. Jones: Thank you for your time.

[218] **Bethan Jenkins:** Byddwn ni'n cael seibiant o bum munud. Diolch.

Bethan Jenkins: We will now have a five-minute break. Thank you.

*Gohiriwyd y cyfarfod rhwng 11:06 ac 11:13.
The meeting adjourned between 11:06 and 11:13.*

Dyfodol S4C: Sesiwn Dystiolaeth 2 The Future of S4C: Evidence Session 2

[219] **Bethan Jenkins:** Diolch. Rydym ni'n symud ymlaen yn awr at eitem 4: dyfodol S4C a sesiwn dystiolaeth 2, sef i siarad gydag ITV Cymru ynglŷn â'u perthynas nhw gydag S4C yng nghyd-destun yr adolygiad sydd yn mynd i gael ei gynnal gan Lywodraeth y Deyrnas Unedig ar S4C. A ydy'r cyfieithu'n iawn? A ydy e'n gweithio?

Bethan Jenkins: Thank you. We move on now to item 4: the future of S4C and evidence session 2, to discuss with ITV Wales Cymru its relationship with S4C in the context of the review that is going to be held by the United Kingdom Government on S4C. Is the interpretation working? You should be able to hear the interpretation.

[220] **Mr Henfrey:** Sorry, I missed all that.

[221] **Bethan Jenkins:** Roeddwn i jest **Bethan Jenkins:** I was just welcoming
yn eich croesawu chi yma. you here.

[222] I could say anything now, couldn't I? [*Laughter.*]

[223] **Mr Henfrey:** Yes [*Inaudible.*] Sorry. We have a technical malfunction.
Apologies. We'll get there.

[224] **Bethan Jenkins:** Popeth yn **Bethan Jenkins:** Is it working now?
iawn?

[225] **Mr Henfrey:** It is.

[226] **Bethan Jenkins:** Roeddwn i jest **Bethan Jenkins:** I was just welcoming
yn eich croesawu chi yma heddiw fel you here today as part of this inquiry
rhan o'r ymchwiliad i mewn i'r into the review that the United
adolygiad y mae Llywodraeth y Kingdom Government is going to be
Deyrnas Unedig yn mynd i'w wneud holding into S4C, in the context of
ar S4C, yng nghyd-destun your collaboration, as ITV Cymru
cydweithredu gyda chi, fel ITV Wales. So, some initial questions:
Cymru. Felly, mae'r, cwestiynau what is the nature of your
cychwynnol yn gofyn am natur eich relationship with S4C? How does it
perthynas chi gydag S4C. Sut mae'n work? Is it a positive relationship?
gweithio? A ydy hi'n berthynas And how is it different, perhaps, to
gadarnhaol? A sut mae hi'n wahanol, the relationship that S4C has with the
efallai, i'r berthynas sydd gan S4C a'r BBC here in Wales? Thank you.
BBC yma yng Nghymru? Diolch yn
fawr iawn.

[227] **Mr Henfrey:** I'm happy to answer that. I'll have to do it through the
medium of English. I'll probably open by saying that, as the committee will
know, independent television in Wales has quite a long tradition of making
programmes in the Welsh language.

11:15

[228] Programmes such as *Y Dydd* were made by HTV Wales and predated
the creation of S4C. So, that tradition and the role of the Welsh language in

Welsh life, I would say, has created something of a unique relationship between us. I'd sort of describe it as more of a partner as much as a competitor—a sort of critical friend, if I could put it that way. Many people who are working in the independent sector, and indeed many who work at S4C, actually probably started their careers in independent television, so it's kind of created a sort of lasting bond, and that sort of helps to set a framework for the relationship that we have with S4C.

[229] In terms of what do we want, we want S4C to be successful. Yes, we are operating in that sort of sense in a competitive environment, in one nation competing for audiences, but we want S4C to be successful. And our role within that success, we see that as being continuing to make, as we have done, programmes that really matter for audiences on S4C—programmes that are popular, programmes that are trusted, programmes such as *Y Byd ar Bedwar*, which Geraint looks after, programmes such as *Cefn Gwlad*. These programmes have been part of the fabric of S4C since its early beginnings, and we want that to continue. So, our relationship is quite a special one. It's quite unique, I think, in broadcasting for us as a kind of a commercial broadcaster, and it's a very positive one as well, and I would say especially so since working with both Ian and Huw. I think that their style, and the way that they have managed the situation in which they found themselves with the budget cuts, has been a very open process. They've sought to work with us as a supplier, to find ways to maintain quality and to maintain the impact of the programmes that we make, and that, I think, again, is a sign of that sense of partnership that we've tried to find as we've tried to find the solutions to what have been quite difficult situations over the last few years. I hope that gives you some sense of things.

[230] **Bethan Jenkins:** Geraint.

[231] **Mr Evans:** A allaf i ategu rhai pethau mae Phil yn dweud? Rydw i'n nodi bod 35 mlynedd ers i S4C gael ei sefydlu, ac ar y dechrau roedd ITV yn bartner oedd yn cynhyrchu tipyn o raglenni. Canran fach rŷm ni'n cynhyrchu mewn cymhariaeth, efallai, â'r sector annibynnol yn ei gyfanrwydd erbyn hyn, ond byddwn i yn dweud bod y cynnwys rŷm ni'n ei gynhyrchu yn gynnwys pwysig i'r

Mr Evans: I would just like to endorse a few of the things that Phil is saying. I note that 35 years have passed since S4C was established, and at the beginning ITV was a partner that produced quite a number of programmes. We produce a small percentage now compared with the independent sector as a whole, but I would say that the content that we are producing is important content

sianel. Mae Phil eisoes wedi nodi dau o'r brandiau mwyaf ar S4C, sydd yna ers 1982, sef *Cefn Gwlad* ac *Y Byd ar Bedwar*. Mae'r ffaith bod y rheini yn dal i ddod o stabl ITV, rwy'n credu, yn tanlinellu pwysigrwydd y berthynas sydd gyda ni, a'r etifeddiaeth sydd wedi cael ei rhannu rhwng S4C a ninnau. Ac rwy'n credu, er mai canran fach rŷm ni'n ei gynhyrchu, mae'n ganran bwysig iawn. Rŷch chi fel pwyllgor yn bobl sy'n gefnogol iawn o blwraliaeth ym myd darlledu, ac mae *Y Byd ar Bedwar* yn sicr ym maes newyddion a materion cyfoes yn rhoi hynny inni. Byddai hi'n ddiwrnod tywyll iawn, efallai, petai'r newyddion a materion cyfoes i gyd yn dod o un ffynhonnell, ac rwy'n credu bod pobl sy'n gwyltio S4C yn gwerthfawrogi'r ffaith bod ITV, yn gystadleuydd i'r BBC, yn darparu materion cyfoes i'r sianel hefyd. Felly, dyna un o'r prif bethau, rwy'n credu, rŷm ni'n cynnig erbyn hyn: y ffaith ein bod ni yn ddarparwyr plwraliaeth i'r gwylwyr yn y cynnwys sydd ar gael ar S4C.

for the channel. Phil has already mentioned two of the biggest brands on S4C, which have been there since 1982: *Cefn Gwlad* and *Y Byd ar Bedwar*. The fact that those still come from the ITV stable emphasises the importance of the relationship that we have and the legacy that has been shared between S4C and us. And although we produce a small percentage, the percentage that we do produce is an important one. As a committee, you're very supportive of plurality in broadcasting, and *Y Byd ar Bedwar* in the field of news and current affairs gives us that. It would be a very dark day, perhaps, if news and current affairs only came from one source, and I think that people who watch S4C appreciate the fact that ITV is a competitor to the BBC and provides current affairs for the channel. So, that is one of the main things, I think, that we offer at the moment: the fact that we are providers of plurality for the viewers in the content that's available on S4C.

[232] Yn ogystal â'r ddau frand mawr, rŷm ni hefyd yn cynnig pob math o gynnwys arall i'r sianel hefyd. Buodd yna gyfnod pan mai dyna'r cyfan roeddwn ni'n ei wneud, ond erbyn hyn rŷm ni'n trio datblygu cynnwys newydd er mwyn rhoi amrywiaeth i'r sianel. Dros y flwyddyn ddiwethaf rŷm ni wedi cynhyrchu pethau mor amrywiol â *Sion a Siân*, sy'n hen ffefryn ers 50 mlynedd yn y Gymraeg a'r Saesneg—

As well as these two big brands, we also offer all sorts of other content for the channel. There was a time when that was all we did, but now we're trying to develop new content in order to provide variety for the channel. Over the last year we've produced such varied things as *Sion a Siân*, which is an old favourite of 50 years in Welsh and English—

[233] *Mr and Mrs* for those of you who don't follow S4C and *Sion a Siân* in the Welsh language.

[234] Yn ogystal â hynny, cyfresi As well as that, series as varied as mor amrywiol â *Jude Cissé: y WAG*— *Jude Cissé: y WAG*—the wife of a gwraig i bêl-droediwr. Felly mae ein footballer. So, our content does vary cynnwys ni yn amrywio o Dai Jones i from Dai Jones to Jude Cissé, which is Jude Cissé, sy'n dipyn o *contrast*, quite a contrast, I would say. fyddwn i'n dweud.

[235] Rŷm ni hefyd yn feithrinfa i We're also a nursery for young newyddiadurwyr ifanc, felly nid jest journalists, not only producing cynhyrchu rhaglenni teledu, ond yn television series, we're also datblygu sgiliau pobl ifanc hefyd ym developing the skills of young people maes newyddiaduraeth drwy gyfres in journalism through the *Hacio*, sydd wedi bodoli ers nifer o series, which has existed for a flynyddoedd ar S4C erbyn hyn. Mae a number of years on S4C now. pawb sy'n gweithio i *Y Byd ar Bedwar* Everybody who works on *Y Byd ar* erbyn hyn wedi dod drwy ystabl *Bedwar* has come through the *Hacio* *Hacio* yn gyntaf—a rhai pobl rownd y system—and some of the people around this table have developed as gwleidyddion o gyfrannu, rydw i'n politicians in contributing over the gwybod, ar hyd y blynyddoedd, years, Bethan, to *Hacio*. So, it is an Bethan, i *Hacio* hefyd. Felly, mae'n incubator for contributors, politicians feithrinfa ar gyfer cyfranwyr, and journalists, but shows the wide newyddiadurwyr a gwleidyddion, range of content that we provide to gobeithio, ond yn dangos yr S4C, which even though small, I amrediad eang o'r cynnwys rŷm ni'n would say, is an important ei ddarparu i S4C sydd, er yn fach, y contribution as well. byddwn i'n ei ddweud, yn gyfraniad pwysig hefyd.

[236] **Bethan Jenkins:** Mae lot o **Bethan Jenkins:** A lot of difficult gwestiynau caled yn dod o *Hacio* y questions were posed in *Hacio*, I have mae'n rhaid imi ei ddweud. Maen to say. It's been excellent over the nhw wedi bod yn wych dros y years. What would you say about blynyddoedd. Beth a fydddech chi'n ei some kind of more formal ddweud i ryw fath o berthynas fwy relationship with S4C being encoded ffurfiol gyda S4C wedi'i hamgodio—in a future channel 3 licence for *encoded*—mewn trwydded sianel 3 i Wales? Would something like that

Gymru yn y dyfodol? A fyddai appeal, or would you, as a rhywbeth fel yna yn apelio, neu a commercial company, think that it ydych chi, fel cwmni masnachol, yn would be important for you to have meddwl ei bod yn bwysig i chi gael y more of an arm's-length berthynas hyd-braich yna o hyd? relationship?

[237] **Mr Henfrey:** Well, the relationship we have at the moment is one of supplier, and I think that that level of independence for S4C, as much as for anybody else, is quite important. One of the things that I would be sort of keen to stress is the plurality of provision that exists for S4C—that it has a number of sources that it can go to. Then, when we look at the sort of future remit of S4C, I think what's important is that it has, itself, an independence, both in terms of the way it's structured but also the way it's funded, so that it's able to commission from a plurality of sources. That's really important. As Geraint sort of says, we play an important part within that, particularly within current affairs, and we provide plurality in current affairs. But we provide quite a small proportion, as ITV Cymru Wales, to what S4C commissions—and rightly so. There's a whole raft of providers out there.

[238] So, on the one hand, we don't have any statutory obligation such as, say, the BBC does to supply the programming to S4C, and so we compete in the open market. In many ways that's quite a difficult place to be. So, if you're asking me, 'Would you like to go back and turn the clock back to a place of supply agreements, and sort of dark deals done, lots of money handed over, and programmes made by just one or two suppliers?', I think probably not, actually, although that's probably not in my commercial interest to say that. I think that, having said that, the plurality of supplier and the vibrancy of the Welsh independent sector that is now sustained is probably—. When you're spending public money, which is what we're talking about here, I think it's really important that S4C has that source of supply to go to, rather than one or two really big suppliers as it did in the 1980s, through the BBC and what was HTV. I don't know whether that specifically answers the question.

[239] **Bethan Jenkins:** But do you say that in the comfort of the knowledge that there aren't that many other companies of your size in Wales to compete with you? For example, you've been doing *Y Byd ar Bedwar*, *Hacio* and other shows for some years. If there were another company that would be able to do that to the standard that you've had, would you potentially take another view and say, 'Well, actually, we want to have a firmer relationship', because you might lose out then, in the future, on those opportunities?

[240] **Mr Henfrey:** Well, we're a commercial company and we're very happy to compete on a level playing field. All we ask for is a level playing field. As I said, we're a relatively small supplier, compared with other suppliers out there. So, in the Welsh production sector, there are bigger beasts in the forest than ITV. If you're asking me would we like some statutory obligation that enables us to get bigger, I think that that has to be balanced against the potential loss of plurality of sources. That's all I'm sort of saying in that context.

[241] In terms of the specific point there around the genre of current affairs, I think what's really kind of important to put across is that current affairs is a genre that requires detailed investment and a kind of grown-up, long-term view. You kind of grow great journalists over time, and programmes such as *Y Byd ar Bedwar* build reputations over a considerable amount of time. Programmes such as *Y Byd ar Bedwar* and *Hacio*, as you've just said, ask difficult questions. Sometimes, people don't want to give answers to those questions, and sometimes people would rather we didn't ask those questions. And, so, to have an organisation of, yes, the scale, but also the experience of ITV in making hard-hitting current affairs, I think is a real advantage. In the environment of current affairs, Wales is quite a small place and if you think your funding source might be, sort of, directly related to you asking that question or not asking that question, then all manner of things can go awry. So, I think that ITV making current affairs is, in some ways, not a coincidence. I think that because ITV is that trusted broadcaster and has a reputation for pushing back when it needs to push back, I think it's in the interests of programmes such as *Y Byd ar Bedwar*.

[242] **Mr Evans:** And there's no guaranteed contract, there never has been. It has been put out to tender many times in the past, and we've been successful in gaining that contract, and we go from one year to the next, more often than not, not knowing whether there is another contract to be on the table because of the financial constraints that S4C operate under. So, it's not something that we take for granted; there's no guarantee, but I think, as Phil says, we're well-placed to deliver current affairs, partly because of the experience of the team in Welsh language programmes at ITV, but also the support, because we do make news and current affairs as a company here in Wales and even further than that. When we go abroad, as *Y Byd ar Bedwar* has done over many, many years, we have the support of Independent Television News behind us too. So, we're an operation that's well-placed to deliver good quality current affairs.

[243] **Bethan Jenkins:** Diolch yn fawr iawn. Mae gan Jeremy Miles nawr gwestiynau ar gylch gwaith statudol S4C.

Bethan Jenkins: Thank you very much. Jeremy Miles now has questions with regard to the S4C statutory remit.

[244] **Jeremy Miles:** Diolch. Rydych chi wedi sôn am S4C fel cystadleuwr i ITV. A oes rhan o weithgareddau S4C yn golygu eu bod nhw'n cau allan gwasanaethau Cymraeg y byddech chi, fel cwmni masnachol, neu'r sector fasnachol yn ehangach, eisiau eu darparu petasai S4C ddim yn gwneud hynny eisoes?

Jeremy Miles: Thank you. You've mentioned S4C as a competitor to ITV. Are there any parts of S4C's operations that mean that they shut out Welsh language services that you, as a commercial company, or in the wider commercial sector, would want to provide if S4C didn't do that already?

[245] **Mr Henfrey:** I suspect the answer to that is probably 'no'. Ultimately, pretty much all the services that exist are publicly supported because, actually, the market finds it very difficult to support them. I think that, in that kind of context as competitor, and, again, I wouldn't want to overstate this because the way that things have developed over the years is—. You know, ironically, we compete for share of viewing, and we do, we compete with all the channels that are out there, particularly with the BBC, yet, when it comes to S4C, we will put a promotion within our news programme on *Wales at Six* saying, 'Please watch S4C tonight', which is not something you would think, or see, that competing channels would do. That said, there are three sources of funding currently for S4C—there's the funding from the license fee; there's funding from DCMS; and there's funding from advertising—and I think that all we would say is that, in any review, we would want any potential commercial impacts to be looked at as a part of the review. We're not saying necessarily that there are any, but advertising is clearly very important to us. It's a very different sort of model for S4C because of the scale of share of viewing that they have, but that sort of, having public funding and also having advertising, that separation between the two, and that sort of transparency and openness, is obviously quite important because we want to see one influencing the other, if that makes sense.

[246] **Jeremy Miles:** Yes, it does. So, your concern would be around, perhaps, unintended consequences through advertising rather than the provision of services in Welsh?

[247] **Mr Henfrey:** Yes, I think that's all worked in. As I said in my opening comments, really, our approach is one of partnership. We compete with the wider independent sector for what it is we do, but what we do, we think we do for very good reasons and we have a really good track record for doing it. But in any review when you're looking to the future and what the future should be, I think probably what we're saying is, 'Well, what could the potential impacts be on the commercial sector?' It's pretty much what we've been saying to the BBC as the BBC has been doing its thinking around, say, for instance, BBC Studios and so on, and so forth.

[248] **Jeremy Miles:** Okay. And do you have a view of how S4C's remit should be changed to reflect the modern circumstances in which it now operates, given that its existing remit is quite long in the tooth by now?

[249] **Mr Henfrey:** Well, the world is, clearly, a very different world than it was in 1982. There are two aspects to say around that: I think in terms of the transition that's been happening across public service broadcasting programming over the last 15 years, people have looked at it through the lens of the increase in channels—that movement from four analogue to the 62, several hundred, that you can now access in Wales. And that's quite right. So, prominence of the electronic programming guide, and so on and so forth, the ability to potentially create channels for specific audiences—you know, ITV2, ITV3 and ITV4 operate in Wales commercially. We've launched a whole raft of channels. BBC have done similarly through Three and Four, CBeebies, and so on and so forth. Channel 5 and Channel 4 have a family of channels to do that. So, at the moment, S4C finds that very difficult to do, because of the funding that it has, but that's what it's competing against, just as against the public service broadcasters. But it's not simply, any longer, I would argue, just solely around those channels. I think there's also a big kind of question too, then, around, as people can access content television via smart TVs, there's that whole sort of sense of how, in an unregulated TV manufacturing world, do you maintain that kind of prominence, and the ability to be able to distribute on those platforms.

11:30

[250] And then, equally, too, as you look at the avalanche that's coming down the hill from the Facebooks, the Googles and the other US titans, which, again, are completely unregulated in the Welsh marketplace, how does S4C maintain its prominence in that sort of sphere?

[251] **Jeremy Miles:** So, you would you support their calls for prominence in that world?

[252] **Mr Henfrey:** I think what I'm saying is I can understand why it is that they are concerned about a remit that narrowly focuses them against a television channel. That is important, and I think that, sometimes, we over predict the decline of television, if I'm absolutely honest. And I think people who might have sat here 10 years ago might well have done that. But, nevertheless, you cannot ignore too the huge challenges that television channels face in the television market, and then, on top of that, you've got the competition they now face as a result of the explosion in apps, and accessing content via apps. And then, on top of that, you have the new content providers of Facebook, Google, et cetera, et cetera, and you're also challenged by that. Does the current remit enable them to meet that challenge? I suspect it probably doesn't, if it's defined solely as being a television channel that was in a world of three others.

[253] **Jeremy Miles:** It sounds like you're sympathetic to their concerns.

[254] **Mr Henfrey:** We are.

[255] **Mr Evans:** Absolutely.

[256] Ac mae'n rhaid i ni gofio, And we have to remember, I think, as
 rwy'n credu hefyd, mai un o'r well that one of the reasons for
 rhesymau dros sefydlu S4C oedd i establishing S4C was to contribute to
 gyfrannu at achub yr iaith Gymraeg. efforts to save the Welsh language.
 A phan oeddwn i'n ifanc ac yn gwyllo When I was young and watching
 teledu yn yr 1980au, roedd cael television in the 1980s, having a
 sianel Gymraeg yn hollbwysig er Welsh-language channel was vitally
 mwyn i pobl ifanc yn arbennig weld important to ensure that young
 bod yr iaith â'r un statws â'r Saesneg. people in particular saw that the
 Ac roedd cael sianel deledu yn the Welsh language had the same status
 gwneud hynny. Erbyn hyn, wrth gwr, as the English language. And having
 nid yw fy mhlant i, sydd yr un oedran a television channel achieved that. By
 â fi pan oedd S4C yn cael ei sefydlu, now, of course, my children, who are
 yn gwyllo fawr ddim teledu byw o the same age as I was when S4C was
 gwbl, hynny yw, rhaglenni pan established, watch almost no live
 fyddan nhw'n cael eu darlledu. television, that is, programmes when
Catch-up neu *apps* ac yn y blaen yw they're broadcast. *Catch-ups* or *apps*
 bob peth, felly mae'n rhaid i S4C are everything to them now. So, S4C

nawr i fynd i'r fan yna i allu cystadlu, ac i gael ei gweld—bod ei delwedd gyhoeddus hi yn cyfateb i ddelwedd gyhoeddus sianeli mawr Saesneg, a hefyd ein Amazons a'n Googles ni, a Netflix ac yn y blaen hefyd.

now has to go to that space to be able to compete, and to be seen, so that their public image corresponds to the public image of major English-language channels, and the Amazons and Googles and Netflix and what have you.

[257] Felly, mae hwnnw'n gwestiwn mawr i'r sianel, achos fe fydd angen buddsoddiad ychwanegol, rwy'n credu, i gyrraedd fanna. Rwy'n credu bod lan wedi sôn ein bod ni jest yn rhoi blaen bys ein troed yn y dŵr ar hyn o bryd gyda hynny, ac mae yna dipyn o ffordd i fynd. Rŷm ni fel cwmni erbyn hyn, gyda *Hacio* er enghraifft, yn creu cynnwys sydd dim ond yn ymddangos ar-lein, ond gallem ni wneud gyda thipyn mwy o fuddsoddiad i wneud gwasanaeth gwerth chweil fel yna, i wneud impact, achos gyda'r gwasanaeth rydym yn ei gynnig ar hyn o bryd, nid yw'r impact yn ddigonol iddo fe fod yn werth chweil, byddwn i'n dweud.

So, that's a major question for the channel, because additional investment will be required to reach that aim. I think Ian mentioned that we're just dipping our toes into the water in Wales at the moment with that issue, and there's a way to go yet. But we as a company now, with *Hacio* for example, are creating content that only appears online, but we could do with more investment to make it a meaningful service, to have an impact, because, with the service that we offer at present, the impact is insufficient for it to be worthwhile, I would say.

[258] **Jeremy Miles:** Diolch.

Jeremy Miles: Thank you.

[259] **Bethan Jenkins:** Rydych chi'n dweud eich bod yn *sympathetic* i beth mae S4C yn ei ddweud, ond nid wyf yn credu bod S4C yn ymddangos ar eich ap chi o ran ITV. A fyddai modd i chi gael trafodaethau gyda ITV yn ganolog i weld os byddai modd rhoi S4C yn rhan ganolog o'ch cynnwys chi, yn y cyd-destun eich bod chi yn creu nifer o'r rhaglenni, a bod gyda chi ddiddordeb, wedyn, i hybu pobl i wyllo S4C yn yr un modd

Bethan Jenkins: You say that you're sympathetic to what S4C is saying, but I don't think S4C appears on your app in terms of ITV. Would there be a way for you to have discussions with ITV centrally to see whether there's a means of placing S4C as a central part of your content, in the context that you're creating a number of programmes, and that you have an interest, then, to promote S4C amongst people in the same way that

ac yr ydych chi'n rhoi hysbysebion ar y teledu? you place adverts on the television?

[260] **Mr Evans:** Rwy'n credu bydd angen i Phil ateb hynny o ran ITV, ond beth byddwn i'n dweud yw bod tipyn o gydweithredu yn digwydd yn barod. Gwnaeth *Y Byd ar Bedwar* ymchwiliad yn ystod y gyfres ddiwethaf i ffarm oedd yn cynhyrchu wyau cewyll yn ardal Abertawe, drwy ffilmio liw nos yn y ffatri yma lle roedd amodau'n eithaf gwael.

Mr Evans: I think Phil will need to answer that in terms of ITV, but what I would say is that there is a great deal of collaboration already happening. *Y Byd ar Bedwar* undertook an inquiry in the last series into a battery eggs farm in the Swansea area, and filmed overnight in this factory where conditions were relatively poor.

[261] Ac un o'r ffyrdd rŷm ni fel rhaglen erbyn hyn yn gweld i dynnu sylw at ein cynnwys ni yw nid drwy blatfformau arferol, ond drwy bethau fel Facebook, ac roedd hwnnw'n mynd ar dudalen Facebook *Y Byd ar Bedwar*, ond roedd ITV hefyd yn rhoi'r un cynnwys ar eu tudalen Facebook nhw, a oedd gyda lot mwy o ddilynwyr, wrth gwrs. Trwy hynny wedyn—trwy gydweithredu yn y modd yna, roeddem ni, ar y cyd, yn gallu gyrru traffig tuag at, yn y pendraw, y rhaglen a oedd yn ymddangos ar S4C. Felly, mae hynny'n digwydd yn barod. Mae yna bethau fel y gwnaeth Phil sôn amdanynt—eitemau newyddion rŷm ni wedi'u cynhyrchu ar gyfer *Wales at Six*, sydd weithiau yn brif stori ar brif raglen newyddion Saesneg ITV yng Nghymru, yn rhoi cyhoeddusrwydd i raglen S4C. Rwy'n credu bod hynny hefyd yn dangos y parodrwydd sydd yna i yrru gwylwyr at S4C, ond, o ran gosod pethau penodol ar blatfform ITV, bydd angen i Phil i ateb hynny.

And one of the ways that we as a programme see as a way of drawing attention to our content is not through the usual platforms, but through things like Facebook, and that went on *Y Byd ar Bedwar*'s Facebook page, but ITV put the same content on its Facebook page, which had many more viewers. Through co-operating in that way, we could jointly drive traffic to the programme that was ultimately appearing on S4C. So, that happens already, but, as Phil said, news items that we've produced for *Wales at Six* are sometimes the main story on the main English-language news programme on ITV in Wales; they do publicise a S4C programme. I think that also demonstrates the willingness there to drive viewers towards S4C. But, in terms of setting certain something specifically on the ITV platform, I think Phil will have to answer that.

[262] **Mr Henfrey:** I think that almost comes back to a point that you were making there about—you know, there's a cost to being ubiquitous. There are people who are inventing devices now where, ultimately, you will want to have your—you know, if you create broadcast content, you will have your thing on. Now, the development costs of that, for us as a commercial broadcaster—as ITV, as a global player—. You will look and you will see that actually ITV as a global company is not everywhere. We'd like to be everywhere, but it's not everywhere, and it's not everywhere because it can't afford to be, because what you have to do is you have to balance the costs of being on there with the commercial return that you might get by being on there, if you see what I'm saying. So, at the moment, I don't think we're on Apple TV, for example, because, at the moment, we look at it and we say, 'Do you know what? For the amount of people we might get through Apple TV, the cost of developing the product to be on Apple TV just doesn't make commercial sense.'

[263] I think that then, when we come to that funding of being ubiquitous, I think that's where we—the unintended consequence is that that is a genuine advantage in some ways then in the commercial market that you're giving to a publicly-funded PSB that a PSB, such as ITV, can't afford to do because actually, commercially, it doesn't make sense for us to do that, if you see what I'm saying. So, I think that those are the kind of complexities of things. But, I think, again, in the Welsh market, as Geraint has been saying, there's really good evidence that supports our principle of one partnership and cross-promotion and that that can go as far as it can go, given the costs of producing some of these products. They do cost money and BBC iPlayer is a really good example of how that's happened, but, as we know, the BBC is funded in a very different way to ITV.

[264] **Bethan Jenkins:** Lee Waters has a question.

[265] **Lee Waters:** You describe yourself as both a supplier and a partner to S4C. Also, very clearly, you're a commercial broadcaster and that drives your decisions, quite understandably. In terms of developing the partnership side of it in a way that can find the synergy between those two different concepts in your relationship, Ian Jones told us earlier about the potential, from S4C's point of view, to develop more co-productions, where a programme can be flipped—that's how he described it—can be broadcast in both English and Welsh on the separate outlets. Can you tell us a little bit about whether or not you think that has potential and how that could develop?

[266] **Mr Henfrey:** I think there's—and Geraint can talk a little bit more about the specific things that we have done—a broader kind of principle. There are degrees of what you would call distinctiveness. As each individual channel, we're looking to be distinctive—we are. So, if you overdo what we call back-to-back productions, where is the distinctiveness? So, I think there will always be a limit, or there should be a limit in that sense, on what can be done. I think this is particularly something where the economic necessities force the conversations to happen, if I'm absolutely honest. I think that, in a world where S4C's funding was different, the view of the commissioners was purely around distinctiveness. So, actually, there was probably very little partnership going on. So, in some ways, that's a product of necessity. Really, it should be balanced against each channel's judgment about creating channels that are distinctive for their various audiences. Having said all of that, there are clearly ways that, by working together in a Welsh context, given the fact that an English-speaking audience is indeed different from a Welsh-speaking audience, what you can do then is combine budgets to create the highest possible quality of product. I think that's particularly important in a world where, not only are we looking to, wherever we can, create programmes and formats that serve audiences in Wales, but the holy grail is to find formats and programmes that can also be sold around the world and generate an income. Sometimes, by coming together in partnership, that's a very good way of potentially creating those kinds of formats as well. That spirit of wanting to achieve that is what's really important. I think that again comes back to my opening comments, that it does take a desire to want to form those partnerships. With Ian's leadership in particular, that's something that we have experienced and, as a result of that, we've made programmes back to back. Geraint can talk a little bit more about that.

[267] **Mr Evans:** Yes. There have been a few examples of programmes that we've made back to back that have been mutually beneficial. It started after the funding cut that S4C received in 2010 when we were, in some ways, forced into it, but I think it's proven beneficial to ITV and to S4C. First of all, it was quite challenging for our current affairs output to face the funding cut that had been passed on by S4C to ourselves, and it was to be expected. All the independent producers couldn't expect to retain the funding that they had for their programmes whilst S4C was facing this cut.

[268] So, for current affairs, for example, what we now do, and have been doing for a number of years, is we produce five editions of *Y Byd ar Bedwar*

back to back with *Wales This Week*, for example. So, it's the same story, it's the same journalism—because it's the journalism that costs you the money; the time taken to investigate a topic. But, when you're out on location, you can just as easily film interviews in Welsh and in English and then turn out a product that is different but follows the same patterns and involves the same journalism. So, there are cost savings to be made.

[269] Other than that, then, we've developed two series. One was a fly-on-the-wall documentary with the Wales air ambulance service, which, again, because of necessity—being out on location with the Wales air ambulance service, you have to base yourself with them for a considerable amount of time just to get the cases that you need to make good television. So, we were aware of that. We approached S4C and it became a joint commission then by ITV Wales and by S4C, which made the budget achievable for both parties.

[270] And then similarly now we have a series on air again this year—it started last year—called *Y Ditectif* on S4C; it's called *Crime Files* on ITV Wales. It looks at notorious Welsh crimes over the years—so, again, a back-to-back production that presents good value, really, the best value, to both broadcasters.

[271] **Lee Waters:** How do you decide how those costs are divided? Is that done on a 50/50 basis? What's the formula for that?

[272] **Mr Evans:** Pretty much, unless some of the elements required by S4C, because there will be tweaks, are different to those required by ITV. But, it's pretty much on a 50/50 basis. But, say, for example, S4C want a certain presenter, and he or she's going to cost x amount of pounds, and ITV has maybe an in-house presenter, where there'd be no real cost to ourselves—there may be differentials in the budget because of that.

[273] **Lee Waters:** So, in that—[*Inaudible.*]—example, you both chipped in a similar amount, did you?

[274] **Mr Evans:** Yes.

[275] **Lee Waters:** Okay. Do you see potential to do many more of them or a steady state?

[276] **Mr Evans:** We will, I think. It goes back to Phil's point about the distinctiveness of schedules again, that you wouldn't want the ITV English—

language schedule in Wales to replicate that of S4C. But I think that we'd certainly be in the game for doing more of it. It may be another series alongside the crime series, it may be another one when that one comes to an end. It's something we're always exploring.

[277] **Mr Henfrey:** Again, just to add to that, you can kind of—. Every time we have an idea, we can ask ourselves the question, 'Could this work back to back?' Equally, increasingly, some of the independent sectors are doing that too. So, while maybe pitching an idea to S4C, they might ask the question, 'Could this work for either ITV or, indeed, for BBC?' So, they themselves could potentially follow that model as well.

[278] I think strategically as well, as broadcasters, and we've done this, is to kind of come together to ask ourselves, as a schedule, are there things that we both want to do. So, you're almost right at the beginning of the process saying, 'Can we work together to do it?' Again, that's all in that sort of sense of the management of both sides wanting to achieve that. But, if you've got that, well then that's another mechanism that can potentially release that kind of programming.

[279] **Lee Waters:** I guess the limit is that you produce far fewer genres than S4C does. So, for example *Y Gwyll/Hinterland* type of collaboration wouldn't really work with you because you don't do drama.

11:45

[280] **Mr Henfrey:** Yes, absolutely, to a degree. But, if you look at it the other way round, is a broadcaster—? Because *Y Gwyll*, I think, started life by being commissioned by a network broadcaster, not by BBC Wales, as far as I understand it. So, there's no reason why that can't work the other way around; that the independent sector in Wales potentially thinks, 'Well, it's a great commission for S4C, but, potentially, could that work for ITV, S4C and the ITV network, working together on a drama commission?' We've had lots of conversations around that. Sometimes, it's just getting them across the line. So, there have been dramas where ITV drama commissioners have looked at it and thought, 'Could this work for a network audience?' and so on. So, that does happen, it just hasn't yet materialised into something.

[281] **Lee Waters:** Can I just, very briefly—? I guess, also, with your acquisition now of greater independent capacity, you could also be thinking about commissioning for BBC Four, for example, in collaboration with S4C. It

needn't necessarily be on ITV.

[282] **Mr Henfrey:** I think one of the things that Shiver Cymru, the production level that we've launched as ITV Cymru Wales—very much so, we absolutely see that as potentially working for any broadcaster. That could include BBC Wales and, in some ways, with the announcement of the funding last week, we are ourselves looking to say, 'Are there commercial opportunities there for us to potentially make programmes?' and so on and so forth. So, 'yes' is the answer to that.

[283] On some of the wider points around the question, yes, as ITV Studios—. ITV Studios now has a significant stake in the Welsh production sector through the acquisition of Twofour, but our track record when we buy independent production companies, wherever in the world we buy them, is that we buy them for a very good reason—because they're hugely successful in the marketplace in which they exist. So, we tend to leave them alone to continue to do that, and that's been very much the case here in Wales—that, actually, we operate quite separately. But when you look at the genres that we cover, actually, because we cover news and current affairs, and, largely, they cover different genres, it meshes quite well in a Welsh context.

[284] **Lee Waters:** Thank you.

[285] **Bethan Jenkins:** Diolch. Mae'n **Bethan Jenkins:** Thank you. We've got rhaid inni symud ymlaen, sori, i to move on to funding, and Suzy gyllid. Mae gan Suzy Davies Davies has questions. gwestiynau.

[286] **Suzy Davies:** Diolch. I've got some questions about competition to ask you, but I just want to start off with a general question. You've explained very well the mutually beneficial relationship between the two organisations, particularly at times of financial strain. So, even though you manage to weather that between you, I presume you wouldn't really want to see S4C lose any more money. Do you have any overview or view that you're prepared to share with us about how you think S4C should be funded?

[287] **Mr Henfrey:** How or how much?

[288] **Suzy Davies:** How—whether the current arrangements are a good idea in your—.

[289] **Mr Henfrey:** I think the only thing I would be prepared to say—two things around that. That phrase of ‘sufficient funding’ is a good one, and, yes, you’re right, it’s been difficult for all the independent suppliers in terms of the step change in cuts, and there’s only so far you can take that, as well, before you really do start impacting on the journalism, the quality of programmes and so on and so forth. I think that, in terms of the overall question about funding, really, what it’s got to secure is true independence. You’re only independent if you’re independent, if that makes sense. Where your source of funding comes from can dictate what the independence looks like. So, if I start the point by saying the funding should be sufficient and it should give true independence to S4C, that’s probably then for policy makers to decide how that’s achieved.

[290] **Suzy Davies:** I appreciate that this is, perhaps, a tricky question for you.

[291] **Mr Henfrey:** It is a bit.

[292] **Suzy Davies:** Anyway, I just wanted to drill down—

[293] **Mr Henfrey:** But it’s a really important point about the independence element.

[294] **Mr Evans:** There was concern, certainly, when the funding was to be delivered to S4C via the BBC and the licence fee, that that independence would not be maintained. But I think the relationship that developed between Elan Closs Stephens, Ian Jones and Huw Jones has proven that that relationship can work effectively. There were great concerns within the independent sector, certainly about the risk that the BBC would have some kind of control over that funding and that they were being seen as some kind of preferred partner, too.

[295] But, I think the one thing that we would be keen to flag up is the fact that the development of BBC Studios now does open up that potential risk again, because the BBC has an agreement where they do produce 10 hours a week for S4C at present, which we presume will remain the same. But with the advent now of BBC Studios, the concern for the independent sector and for ITV, too, is that the BBC could be competing for the additional hours on S4C, so we think that that is something that should be looked at quite carefully.

[296] **Suzy Davies:** Competition, of course, would be open, wouldn't it, in those circumstances. I think we did get some sort of reassurance from, I think, Tony Hall, going back, that there would be no preferential treatment. But I appreciate your scepticism, let's put it that way. Can I just ask you, then—? You mentioned that that relationship works well because of the three individuals you mentioned. If those three individuals were to change, do you think that that independence could be compromised, or is the structure sufficiently robust?

[297] **Mr Evans:** I think the structure that's been put in place seems to be robust. I think getting there was largely because of the three individuals involved and their knowledge of each other and the way they operated previously, of course. But it's speculation, really, to say whether that would remain as robust were they to depart, of course.

[298] **Suzy Davies:** Okay, well, I won't press you any further on that one—perhaps, again, it's a little unfair. Just talking about your concerns now on—if S4C's remit were to change significantly that it could distort competition for yourselves and other independent commercial companies. I just wanted to check, or ask you specifically: which bits of commercial activity do you think could be compromised? The reason I raise that question is, when we talked about advertising in particular, I asked Ian Jones in our last session about how much of S4C's advertising is London centric, nationally based, and he said that it was 90 per cent—all farmed out to Sky and precious little they could do about that. He said that they use public money—they subsidise, to use Huw Jones's words—only to the extent that they get them made through the medium of Welsh, which, of course, is something that only S4C can do. So, in the evidence that you've given to us that you have particular concerns about substantial amounts of public money available to S4C being used to subsidise advertising rates, which advertising rates are you talking about?

[299] **Mr Henfrey:** Well, again, I think it probably goes back to my earlier answer. What we're saying is that any consideration of the remit should be asking the question: has this got any consequential or any unintended consequences for the market as currently exists?

[300] **Suzy Davies:** Have you already identified some?

[301] **Mr Henfrey:** No, but what we can't predict is what might change under the remit.

[302] **Suzy Davies:** Okay. And what other kinds of commercial activities are of concern to you? You mentioned earlier that you're not in a position, as ITV, to create your own new platforms. I accept that, but if S4C does it, it creates commercial opportunities for you to create the content for those. One of the things we heard in the earlier evidence session is that S4C is going to have to find content for all this stuff. You're a major player—have you already started scoping out how you could take advantage of the types of things they're wanting to do?

[303] **Mr Henfrey:** Again, I think the point that we were trying to make in the written evidence is that, when considering what the remit is, it's just to ask the question: has this got any consequences for—? If you see what I'm saying, rather than assuming that it won't or it might all be a benefit. That's all we're asking. We're not saying that they might or will have any difficulties. I think part of the thing around—. Say, for example, the point you were making earlier about BBC Studios; that's a significant change in the marketplace in Wales. We have some questions around that and we hope that you will have some questions around that in terms of what's its potential impact on the marketplace. I think, when it comes to a review of S4C, which clearly has and defines the market, in many ways, if the big question is what's its remit going to be, all we are asking is that consideration is given to its impact on the market. Whether it has any is then for that review process to consider.

[304] **Suzy Davies:** Would you accept that there's an argument in favour of S4C raising all of its own money, bearing in mind that you've identified yourself that it's heavily dependent on the public purse at the moment, and yet it's got this sort of—? It's got an unusual status, hasn't it? It's publicly funded and commercial. Should it be raising its commercial game?

[305] **Mr Henfrey:** I think, again, our only observation around that would be that it would depend on where that source comes from—that source of increase. And, as I said earlier, I wouldn't want to overstate this: as things currently exist, actually, that sense of co-existence and current ecology works well. If, however, you're changing the remit so that that then changes the environment in which everybody's operating, so that co-existence works less well, that might create a concern, and that's the point that we're trying to make. If you're changing the remit of a significant market player, it has the potential to change the marketplace and all we're asking is that the proper consideration is given for that.

[306] **Suzy Davies:** Okay. So, just to summarise that, what you're saying in your evidence is, effectively, 'Please think about these questions', rather than saying, 'We've already spotted some problems'.

[307] **Mr Henfrey:** Yes.

[308] **Mr Evans:** In all fairness to S4C, too, I think the advertising market out there isn't what it would've been many years ago, and we fully appreciate the limitations on that market, because that does hit ITV's bottom line, too.

[309] **Suzy Davies:** Yes, and I was quite curious about how much of a crossover there was, because I'm not hugely convinced there is a big crossover with ITV, to be honest.

[310] **Mr Henfrey:** Not at the moment, but again, you're considering the change in the remit. So, we wouldn't want there to be, in the future. That's all I'm trying to say. We wouldn't want anything to change so that that changes what currently exists.

[311] **Suzy Davies:** Okay. Some of my questions were answered previously—

[312] **Bethan Jenkins:** Can Jeremy Miles come in quickly on this, and then I'll come back to you, Suzy?

[313] **Suzy Davies:** No, I've finished, actually.

[314] **Bethan Jenkins:** Oh, right. Okay. Thank you.

[315] **Jeremy Miles:** Just on that question of the impact on the advertising market, I take the point. You, I think, are being very cautious in the weight that you're giving to that point, which is, I think, reasonable, but there are only two ways in which there could be a risk to your model, effectively, here. One would be if S4C uniquely was able to have more advertising minutes per hour, which would drive the coach and horses through the advertising market in many ways. Secondly, it's if the remit was changed to make the viewership of S4C more directly competitive with yours, basically, so that it provided English-language programming, or in some other way. There's no other way, really, in which it's—

[316] **Mr Henfrey:** Those are at least two ways, as you describe them. There may be others that people can think of, but that's the—

[317] **Jeremy Miles:** That's what I'm trying to struggle to find: what they might be, conceptually even, really, because I'm not sure what they would be.

[318] **Mr Henfrey:** Even within those, those would be a concern, I think. That's all we're pointing out: that ultimately, this is about the remit of what was a television channel to being something else. So, we just want people to be aware of potential unintended consequences in a market that, on that level, works quite well from our perspective.

[319] **Jeremy Miles:** Okay. Thanks.

[320] **Suzy Davies:** Sorry, I did have one more question. It relates to that, but it's the next-step question, I suppose. Bearing in mind that the remit of S4C isn't going to be changed—. You're flagging up unintended consequences; are you also in a position at this stage to sort of flag up recognised opportunities for independents—not just ITV now but other independents—in any remit change, not to make life easier for them, but to actually make sure that the strength of the market feeding into S4C, as a commissioner, is meatier, really—that there's stronger competition? So, rather than being concerned about your BBC Studios, you're actually thinking, 'Ah, this is a chance for ITV and other independents to break into S4C in a different way'.

[321] **Mr Henfrey:** How can I put this? At the moment, there's what we would call quite a vibrant ecology, and there is competition within the marketplace. Remits could be changed so that competition changes in some form. We shouldn't underestimate the creation of BBC Studios. That effectively creates a new independent in the forest overnight. That's really quite significant. It is quite significant. In terms of the opportunity that exists, well, that ultimately is going to be down to what's the level of funding that's available. If there's more funding available, then there's more opportunity and that sense of independence of S4C to commission, and its openness in its commissioning. All of these are factors in the marketplace, and they are all—if you are considering its remit—a part of, potentially, the review. I'm encouraged, from what you're saying, that to maximise the competition within that marketplace is an aim. From our perspective, that's something that we would absolutely welcome. We welcome competition, and we compete for the commissions that we have. It's something that we do, and something that we're happy to continue to do. The fairer the playing field, the more open it is from our perspective, and the more opportunity that exists, then all the better from our perspective.

[322] **Suzy Davies:** Okay. Just finally—and this is the final bit of this question. Which would be better for you, then—to go back to one of Bethan’s original questions—to get some protectionism for you in the channel 3 licence, or the BBC should not be obliged to provide 10 hours of content for S4C, if you want the openness to market?

[323] **Mr Henfrey:** A binary choice is never an easy option.

[324] **Suzy Davies:** Oh, that’s a good answer. [*Laughter.*] ‘Should that come into the remit?’ is effectively what I’m asking.

12:00

[325] **Mr Henfrey:** Well, again, I think this discussion has been very useful because I think it does throw up all of the sort of potential choices that could be made. Lots of choices have been made. That’s how we’ve got to where we’ve got to, and this is an opportunity to look at all of those choices and ask yourselves the question as policy makers, ‘Have the right choices been made that are fit for the future we want for S4C?’ Within our way of looking at the world, we’ve worked in partnership with S4C and we want to continue to do so. We have worked as a supplier to S4C and we want to continue to do so. All we would encourage is that you think about any unintended consequences on the channel 3 work that we do and also to ensure that that playing field for all players, including ITV, is as open and fair and as transparent as it can possibly be. Now, you may have views about how that could be made even fairer than it is now, and you may have described two things yourself just now as to how that could be made even fairer, but that’s not necessarily for me to decide upon—

[326] **Suzy Davies:** I asked the BBC the same question.

[327] **Mr Evans:** And what we don’t know is whether the 10 hours are on the table, because if they are, then it’s a completely new ball game then, really, isn’t it? I’ve never been an apologist for the BBC, but I do respect and realise as well that, within those 10 hours, they could provide a news service, and the intricacies of how they provide that news service in the Welsh language, linked to their Radio Cymru output, as well as their Radio Wales and BBC Wales output, is something that would take some unravelling, I would have thought. But I think it’s a good question that’s worth asking.

[328] **Suzy Davies:** Yes, I'm not making any criticism of their work at all on that. Okay. Thank you. Diolch.

[329] **Mr Henfrey:** If you were to ask me whether we think plurality in news is really important—yes, we do. We think that providing an alternative to the BBC's news service in the English language, in news, is really important. The opportunity doesn't exist for us to provide an alternative in the Welsh language. Under the current arrangements for how things are done, that opportunity doesn't exist.

[330] **Bethan Jenkins:** Neil Hamilton, I think you had a question on this one.

[331] **Neil Hamilton:** When I was growing up, with the small number of analogue channels available, there was a real issue of head-to-head programming and competition that no longer exists. As we know, the way in which people access broadcast material today is very different and is rapidly changing. The importance of scheduling is going to diminish, I would have thought, in the years to come, and accessing through various broadcasting on-demand-type of platforms means, perhaps, that you're going to be less in competition head to head with one another in the future than you have been in the past, and that you're therefore complementary in your output. When I watch news I switch from one channel to another within half an hour to see how they're broadcasting it on a competitor. So, perhaps the emphasis you put on S4C being a competitor with you is rather overdone in your evidence. Shouldn't you see them more as, if they are competitors, just a kind of friendly operator in a similar market that complements what you do rather than competes with it?

[332] **Mr Henfrey:** Well, again, probably what we're drawing attention to is that very fact—that, yes, at the moment there is an ability in the marketplace to co-exist. If the remit's changing, there are potential impacts of that co-existence.

[333] The other thing I would like to say is around the importance of scheduling. I think one of the things all broadcasters look to do—and S4C themselves will find this—is that we've got to, in a sense, ride two horses. We've got to maintain a schedule that's competitive with all the rival channels that are out there, and we know that the PSBs continue to have the majority of viewership still. So, we are competing against other PSBs, and in Wales through S4C there is an extra PSB, if you also count Channel 4 and Channel 5, which are equally available, so in that sense there is competition. Where

things are scheduled in schedules is very much determined by what others are doing, if you see what I'm saying. The fact that S4C puts its news on at 9 o'clock is smart scheduling because it's not competing against the two that are at 10 p.m.—one of them is currently at 10.30 p.m., but you know what I mean. So, I think that that sort of scheduling is still important, and what broadcasters have got to be able to do is to also be able to provide the ability to catch up with the programmes that have been broadcast. We've got to do two things simultaneously along the line.

[334] In a world where we're not necessarily competing in channels, between PSBs—yes, you can potentially see a world where that kind of co-existence can happen. Again, to come back to a wider point, if, in your catch-up, you—. The programmes are designed and intended to be through the medium of Welsh, but if, in catch-up, you enable, somehow through technology, to have an English-language commentary on those, well then that, all of a sudden, starts to look very different from the marketplace that we've currently got now, if you see what I'm saying. And I think, again, when we talk about remits, those are all the things that people ought to be thinking about. We're not necessarily against them, but we don't want people to think those through, as people thinking—

[335] **Mr Evans:** And I think that we're a competitor is a matter of fact, but we're a friendly competitor, as is borne out by our relationship with S4C currently. I think they are quite different audiences sometimes—the S4C audience and the ITV audience—but I think we do our best to drive audiences towards S4C's content wherever we can.

[336] **Mr Henfrey:** In a way that we don't do with the BBC.

[337] **Neil Hamilton:** Excuse me, Chair, I have to leave, there's an emergency.

[338] **Bethan Jenkins:** Océ. Jest **Bethan Jenkins:** Okay. Just a quick cwestiwn clou gan Dai Lloyd ynglŷn question from Dai Lloyd with regard â'r berthynas â Whitehall, rwy'n to the relationship with Whitehall, I credu. think.

[339] **Dai Lloyd:** Rwy'n ymwybodol **Dai Lloyd:** I'm very aware of the time, iawn o'r amser, Gadeirydd. Yn Chair. In terms of the governance nhermau trefniadau llywodraethu ac arrangements and accountability of atebolrwydd S4C, ac rwy'n sylweddoli S4C, and I realise that you don't have

nad oes rhaid i chi gael barn ar hyn to have a view on this as ITV, but I fel ITV, ond rwy'n mynd i ofyn ta will ask you anyway. Do you have a beth. Oes gyda chi farn gyffredinol general view on whether ynglŷn ag a ddylai'r cyfrifoldeb am responsibility for S4C should lie in S4C aros yn Llundain, neu a ddylai London, or should it be devolved, gael ei ddatganoli, a'r ariannu i gael and the funding devolved to Cardiff? ei ddatganoli i Gaerdydd?

[340] **Mr Henfrey:** No, we probably don't have a view on that. Ultimately, it does come around to the whole point about independence and where is that best delivered from. The independence for S4C is the vital starting point, and then, from that, everything else should flow in terms of answering your question. So, if people in the remit review think that the best way of sustaining independence is for the accountability of S4C, and the funding of S4C, to be with the Welsh Government, then, in a sense, we would have no view around that. Our principle is that it should remain independent and that its funding, crucially, in order to maintain that independence, is not just sufficient, but is also secure in that environment. Those are the big questions. Where then that is best served by is probably something that the review will uncover over time.

[341] **Bethan Jenkins:** Ac un **Bethan Jenkins:** And just one brief, cwestiwn yn glou i orffen gan Dawn final question from Dawn Bowden. Bowden.

[342] **Dawn Bowden:** Thank you, Chair. I just wanted to ask you a little bit about the prominence and visibility around PSBs. You talked in your evidence about the need for the Government to continue to modernise PSBs generally, and you talked about ensuring the continuing relevance of the appropriate prominence regime and so on. Could you just expand a little bit on that, and perhaps just say a bit about the appropriate prominence regime and what that is, and then just expand on your views in terms of what you think needs to be done?

[343] **Mr Henfrey:** The EPG prominence is crucial in a multichannel world, and all of that comes from the fact that there were four channels, a little dial on your tv—it was really quite simple. Then, all of a sudden, the analogue signal's been turned off, you had digital television and an explosion of channels, so how do you make sure that public service content, because the public service providers are pretty much the only channels that are available that are investing in UK content, and, in Wales, in Wales content—? So, that's

a really important question, and that has a value, obviously, to the PSBs, both in terms of share of viewing and how you can generate other revenues and so on and so forth. I think what we're also pointing to is that that now is just one part of it. Ten years ago, that was pretty much all of it, and it was really important to find a solution to that. That remains important, but, increasingly, in a world where televisions themselves have a menu of choice that has nothing to do with an EPG, where you have remote controls that have a Netflix button, for example, then you're bypassing the EPG. The question is: then what happens? And then, on top of that, if, increasingly, more and more the volumes of audience are consuming their media not through television at all, or traditional television apps, but through their social media, and social media feeds, which is completely unregulated, how do you continue the prominence of PSB content?

[344] And, again, those are questions for Government. And, ultimately, the thinking that we would place there is that there are clearly regulated players currently in the marketplace. ITV is one of them, S4C is one of them, BBC is one of them, and there are clearly unregulated players in the market that are having a huge impact. And what is it the policy makers want to do about that?

[345] **Dawn Bowden:** I take your point that this is a question for Government. So, you're flagging the questions, but you must have a view on what you think should be done. Are you saying that there should be more regulation in these other areas, then?

[346] **Mr Henfrey:** We are pointing out that for some very significant players that are impacting on the market, there is currently no regulation, and in terms of that level playing field, that ability to be able to compete across a level playing field, well the playing field has now got bigger than just digital television. And I think that that's what we're pointing out. I think that's all the more important in a Welsh context, particularly for a broadcaster such as S4C, where it's the only one in the world. Now, on one level, you could say, 'Well, that should make it relatively easy to have prominence, if you're the only one in the world', but if you're the only one of many thousands, or particularly big beasts that are driven by decision making in California, then that raises wholly different issues in terms of prominence, beyond the EPG on your telly box.

[347] **Dawn Bowden:** Okay, thanks.

[348] **Bethan Jenkins:** Grêt. Wel, diolch yn fawr iawn ichi am ddod i mewn i roi tystiolaeth ac rwy'n siŵr y byddwch chi'n edrych ar ddatblygiad y dystiolaeth sydd yn dod gerbron. Os oes unrhyw sylwadau ychwanegol gennych chi, mae croeso ichi e-bostio neu gysylltu â ni. Ni fyddem ni eisiau meddwl nad oeddech chi wedi gallu rhoi popeth sydd ei angen inni fel pwyllgor i fframio ein trafodaeth ar ddyfodol S4C. Ond diolch yn fawr iawn i chi am ddod i mewn yma heddiw.

Bethan Jenkins: Great. Well, thank you very much for coming in to give evidence, and I'm sure you will look at the development of the evidence that comes before us. If you have any further comments, you're welcome to e-mail or contact us. I wouldn't want you to think that you haven't been able to say everything that the committee requires to inform and frame our discussion on the future of S4C. But thank you very much for being here today.

12:11

Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o'r Cyfarfod ar gyfer Eitem 6

Motion under Standing Order 17.42 to Resolve to Exclude the Public from the Meeting for Item 6

Cynnig:

Motion:

bod y pwyllgor yn penderfynu gwahardd y cyhoedd o weddill y cyfarfod yn unol â Rheol Sefydlog 17.42(vi).

that the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order 17.42(vi).

Cynigiwyd y cynnig.

Motion moved.

[349] **Bethan Jenkins:** Rydym ni'n symud ymlaen yn awr at eitem 5, sef cynnig o dan Reol Sefydlog 17.42 i wahardd y cyhoedd o weddill y cyfarfod. A ydy pawb yn gytûn? Diolch.

Bethan Jenkins: We now move on to item 5, which is a motion under Standing Order 17.42 to resolve to exclude the public from the remainder of the meeting. Is everybody content? Thank you.

Derbyniwyd y cynnig.

Motion agreed.

Daeth rhan gyhoeddus y cyfarfod i ben am 12:11.

The public part of the meeting ended at 12:11.