

The Importance of the Committee's inquiry

The Welsh Government welcomes the Committee's inquiry into the future of S4C, which will help to ensure that the main issues in the debate on the future of this vital service are articulated and understood even before the forthcoming independent review of the channel for the UK Government begins.

Whilst we welcome the UK Government's intention to carry out a review of S4C, which we have continually pushed for and was originally promised in 2010, it is unfortunate the review is not already well underway. The UK Government is aware that we expect to be fully involved in the review and we are still waiting for DCMS to confirm final details of the scope of the review and who will be leading it.

S4C Funding

The Secretary of State for Culture, Media and Sport has a statutory duty, as outlined in the Public Bodies Act 2001 to ensure that S4C receives sufficient funding. Since the Comprehensive Spending Review in 2010, the Welsh Government has consistently expressed its real concern about the impact that further funding cuts will have on S4C. We have regularly stressed to the UK Government that it is vital S4C has sufficient funding, as well as editorial and managerial independence, for it to maintain its ability to serve the Welsh audience and continue to play a crucial role in supporting both the Welsh language and the creative industries in Wales – but S4C has found itself in a very different position since the 2010 Spending Review. Now, 90% of S4C's funding comes from the licence fee.

During the last year, the Welsh Government has been fully involved in the BBC Charter Review process and we are pleased that the new BBC Charter provides a renewed commitment to Welsh language services. The accompanying Framework Agreement reaffirms the BBC's partnership with S4C, "working together to observe and safeguard the independence of both".

It also provides a strong financial settlement in relation to the licence fee element of S4C's funding, which is vitally important for S4C to continue to develop its services.

The uncertainty regarding future funding during recent years has made forward planning very difficult, for both S4C and the independent production companies who are some of its key suppliers in Wales. Although the settlement provides S4C with financial stability until 2022, the fact that there was no increase in funding, as there was no allowance for inflation, will naturally provide significant challenges for the channel.

Hopefully a number of recent announcements will stabilise S4C's financial position. These include the UK Government's package of additional capital and loan funding, plus the Welsh Government's decision to allocate £3m of capital funding to support Yr Egin – a project that intends to establish an innovative hub for the creative Industries in Carmarthen, based around S4C's new Headquarters.

Relationship with the BBC and other stakeholders

The Welsh Government welcomed the announcement in 2013 that a six-year agreement had been reached between the BBC Trust and the S4C Authority on the future funding, governance and accountability of S4C. The agreement also, importantly, protected the editorial and managerial independence of S4C. The Welsh Government has been encouraged by the greater collaboration between the BBC and S4C – and also that the Operating Agreement was much wider than the funding and accountability arrangements, extending to a creative partnership at all levels within the BBC and S4C.

We also welcome the strengthened partnership which has developed over recent years between Radio Cymru and S4C. There continues to be only one Welsh language radio service and one Welsh language television service. It is therefore essential that the partnership between these two services should be as imaginative and productive as possible.

Given the fundamental changes contained in the new BBC Charter – to its managerial, governance and regulatory arrangements; to the role of BBC

Studios; and to the BBC's strengthened public purposes as they apply to the nations – it is vital the partnership between S4C and the BBC is updated and renewed, to support and enable the growth and diversification of S4C's services in a multi-platform world.

As well as working across platforms, S4C should continue to work in partnership with Welsh writers, artists and others (e.g. games companies and other digital creatives); it should also strengthen existing ties with organisations such as the Arts Council of Wales, the Welsh Books Council and other partners. S4C should ensure that it commissions more programming based on intellectual property (IP) from and about Wales and that it builds a converged, multi-platform offering around that IP in partnership with others (e.g. the potential for book / online / gaming tie-ins). This would deliver a richer and more engaging offering and support further growth in the creative sector in Wales.

Important role of S4C in delivering Welsh Government priorities – Welsh Language and Creative Industries

The Welsh Government welcomes S4C's recent publication "Pushing the Boundaries", which outlines the channel's vision for the next ten years and also underlines S4C's importance in contributing to the Welsh Government's priorities for the creative industries and the Welsh language. As S4C's mission evolves it would be prudent to consider whether governance and regulatory arrangements remain fit for purpose.

The Welsh Government welcomed the decision by S4C to relocate its headquarters to Carmarthen from 2018. The move will see a major institution moving its operations outside of the capital, creating job opportunities locally in a specialist area and boosting the wider economy. It also has a potential be a significant boost to the Welsh language in an area which is crucial to the future of the language. Moving S4C's headquarters will complement other developments to promote the Welsh language, including the Welsh Language Centre in Carmarthen

In over 30 years of operation, S4C has played a leading role in promoting and safeguarding the Welsh language. It has a key, ongoing role to play in

ensuring that the language continues to thrive. It helps to establish and enliven Welsh as part of everyday life in Wales, and its services for children and young people make an important contribution to increasing their use of Welsh. Through its factual, historical and cultural programmes, S4C enriches Welsh society. S4C continues to have an important role in helping people from all backgrounds to learn the Welsh language, with a range of broadcast and online resources. It has an important part to play in delivering the vision set out in the Welsh Government's Welsh Language Strategy and contributing to the goal of reaching a million Welsh speakers by 2050.

Our creative industries are a Welsh success story and make a vital contribution to our economy. S4C's commissioning policy has greatly contributed to the growth in the independent media sector in Wales, in both English and Welsh. Wales now has a number of highly successful independent production companies that are creating content for many channels and networks, but S4C has been central to their initial development.

S4C has a key role in supporting skills development and has the opportunity to potentially do more in this area perhaps working in partnership with the other PSBs, trade bodies, unions and Creative Wales when it is established to maximise the outcomes for talent development in Wales.

Accountability

The Silk Commission supported our view that overall policy responsibility for broadcasting should remain with the UK Government. In a rapidly evolving digital environment, where the broadcasters play a vital role in creating a common cultural citizenship for people across the UK, the Public Service Broadcasting system would not be strengthened at present by dividing up the overall responsibility for broadcasting – but this does not mean that broadcasters and the regulator should only be accountable to Westminster.

The Welsh Government has called for some time for governance of broadcasting to reflect the reality of devolved government in the UK and support the delivery of policy objectives set in Wales, for Wales. We therefore

welcomed the references in the St David's Day Command Paper to increasing the accountability of broadcasters including S4C.

The Committee's report *The Big Picture: The Committee's Initial Views on Broadcasting in Wales* recommended that the S4C Authority should lay its annual report and audited statements of accounts before the National Assembly for Wales. This is a matter for the National Assembly for Wales and S4C, but the Welsh Government recognises the importance of improving the accountability of UK broadcasting institutions to the National Assembly and to Welsh viewers and listeners.

Following the BBC Charter Review, the National Assembly for Wales now has powers to scrutinise the BBC, to call it to appear before the Assembly and to hold it directly to account – which has been the right of the UK Parliament alone until now.

A similar arrangement for S4C would ensure that S4C is treated similarly to the BBC.