

## **TAC SPEECH**

08.03.2012

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### **Introduction**

Around six weeks have passed since I took up my new post. During that period, I've had an opportunity to meet many of you and have been heartened with the discussions, the exchange of ideas and receiving honest and constructive feedback from everyone. And that's how it should be...jointly discussing, collaborating and communicating!

I'm certain of one thing – I don't have the best ideas and I don't have the worst ideas, and I sincerely hope that you'll continue to offer advice, suggestions and feedback far into the future!

I had the privilege of being part of a small team right at the beginning of S4C – the team that launched the Channel 30 years ago. I was there when Owen Edwards walked down the stairs in Sophia Close inviting viewers to watch S4C for the first time on our opening night in November 1982.

A small group of staff decided to stay there after work, some in the kitchen and others in their offices watching history in the making. I'll never forget that night...and I'll never forget the preparations leading up to the night...having to clear an inch of dust off the desk every morning before starting on the day's work, Myfanwy the huge mainframe computer in its full glory waiting for staff and visitors as they ventured to the first floor....There was great change in those days but also excitement and a feeling that we were on the verge of a major event!

And the changes have continued over the years.

## **Change**

When I left S4C 16 years ago, the reception area was similar to a steep cliff with a large slate facing you as you walked in. The first thing I noticed when I walked into the reception area as a Chief Executive a few weeks ago was that the slate was gone and that a simple design had taken its place. Almost all the offices had disappeared and everyone was working in an open plan environment.

It was clear that things had changed – and not only in the reception area.

One of the most frequent questions I've been asked since returning to Wales is, 'Why come back to Wales during such a difficult period in the Channel's history?'

The answer is easy. I was persuaded to apply for the position at the last minute; but despite this, the interview process was long and challenging.

Eventually, I only needed to ask myself two questions – will this job opportunity arise again during my work career and will it be more challenging in future than at present?

In my view, another word for 'challenge' is 'opportunity'. S4C's situation today can be considered today as a glass half empty or a glass half full. I prefer to look at our situation as a glass that is half full.

So do I say this?

1. Firstly, despite the fact that there is a cut of 24% in our budget over a period of four years, or 32% in real terms, how many establishments or commercial companies in this climate can say that they have the assurance of knowing their minimum budget for the next five years? Not many. In this respect, we're extremely fortunate that we can plan far into the future.

2. Secondly, I'm looking forward immensely to open collaboration with the independent sector, where there is so much on-screen and off-screen talent.
3. Thirdly, I'm eagerly looking forward to collaborating with the BBC – one of the world's most successful brands – as part of a new partnership that will exist from next year onwards. This is an opportunity, as far S4C's editorial and operational independence remain.
4. And finally, it's an exciting period for broadcasting, technology and the digital media, giving us new opportunities...and by blending the talent, our new ideas and the desire to ensure success together...there are many opportunities!

I recall one of JFK's quotes – – “Change is the law of life. And those who look only to the past or present are certain to miss the future.” ...and neither I nor anyone else here has any intention of missing the future!

## **The Audience**

The customer is the core for any business – without customers, there isn't a business. S4C's foundation is its audience, without an audience there isn't a service.

The most important factor in all our activities is our audience's needs. The best business philosophy is putting the customer at the heart of the business and that is why our marketing campaign, 'Heart of the Nation' is vitally important. We must know what our viewers and users desire as we face the future, and receive programme feedback, but we must also ensure that we communicate with them as clearly as possible and lead them to the content by using clever marketing techniques.

Thorough marketing and research is vital during the process of meeting their wishes and needs.

Despite saying that we're fortunate to have financial assurance for the next five years, I should add that we have to be bold as we look at our structures and corresponding costs, due to the cuts in our budget. I've declared on a number of occasions since my appointment my desire and intention to make everything simpler, to cut down on paperwork and troublesome and unnecessary bureaucracy. I will be open in the way we collaborate within S4C and with our partners. We must move away from the old attitude of 'You and Me' and 'You and Us' to a much more efficient and healthy creative partnership.

Therefore, as far as I'm concerned, what's important is that we look to the future "together"...as broadcasters, suppliers, stakeholders and staff – everyone has a right to air his or her views about the exciting business we're all part of.

## **The New Commissioning Structure**

One of the key changes I've introduced since becoming Chief Executive is re-structuring of our commissioning system. We have already announced that a new commissioning structure will come into force under the leadership of a Content Editor and four Content Commissioners. Interviews for commissioning posts will take place soon and we intend to announce the names of the new team before the end of this month (March).

The aim is to move away from the system of editorial supervision with a commissioning committee making decisions about commissioning to concentrating on a system where ideas and talent will be discussed before commissioning, with decisions made by individuals.

Under the new system, the commissioners will make decisions under the supervision of the Content Director. The commissioners will work closely with producers during the process of discussing and developing ideas before the commissioning takes place, to ensure that only the

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best ideas appear on the screen. Commissioners will commission content for programmes and all of S4C's multi-platform content, in line with S4C's programme and multi-platform strategies. I'm eager to see commissioners out and about as often and possible, discussing ideas, going to theatres and concerts, and seeing and listening to talent performing live. I don't want to see them behind desks for more time than is really necessary.

The main aim is to simplify the present process, quicker decision making and changing the emphasis on supervising to discussing and developing ideas. Now, this may take some time to achieve but it's important to note that this is the intention.

The new structure will promote partnerships and collaboration across the creative sector in Wales and beyond. This will provide new challenges and create new opportunities in the way we commission our content. The new structure will endeavour to ensure that we work in the most effective, creative and ambitious ways to achieve our objectives.

## **Windows**

The present system of **commissioning windows** has been an important tool for the Channel during a period of change.

But the question must be asked – Is this the best way forward? After considering the matter carefully, I'm certain that there is a better system. With a view of creating more stability I therefore intend to end this system and introduce one that has more emphasis on “non-stop” commissioning – in other words, continuous commissioning.

We will move to cancel the 3<sup>rd</sup> Commissioning Window that was due to take place during the months of March and April as well as the 4<sup>th</sup> Commissioning Window, scheduled for the period between June and August.

In their place, we aim to commit 80% of the budget for 2013 through non-stop commissioning up to the beginning of July this year. The remaining 20% will be available from August this year (2012) until August next year (2013) – 15% for continuous commissioning and up to 5%

earmarked for new talent and smaller companies. Ideas drive commissioning decisions and it must be stressed that ideas should be discussed with the relevant commissioner before formally submitting the ideas. In reality, we foresee that the majority of the non-stop 20% will be commissioned before the end of December 2012 / January 2013. It's important to note that smaller companies will also be able to bid for other commissions from the total budget.

We will aim to commit 80% of the 2014 budget by continuous commissioning by the end of March 2013. The remaining 20% will be available from May 2013 until May 2014 – 15% for continuous commissioning and up to 5% again earmarked for smaller companies and new talent. 5% will be a “fostering fund” aimed at maintaining the continuing development of new content and small companies.

This fund will be available for companies with a turnover of less than £200,000 over the past 2 years employing fewer than 3 full time members of staff. Common sense and flexibility will be needed for this to succeed.

By the end of the first quarter in 2013, most companies will have assurance of their work patterns for two years. There is also a possibility that some contracts will be awarded for longer periods. This should provide more stability as well as the ability for improved planning, making the best use of any savings and the ability to offer contracts to the necessary on-screen and off-screen talent. We aim to follow the same pattern during the following years.

For this to succeed, and I know I'm repeating myself, but it's important that we are all flexible. Internally, it's important that we are more willing to consider commissioning longer series, rather than single programmes, and 60 minute programmes rather 30 minute programmes. But, as producers, you will also have to be flexible when dealing with S4C.

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## Content Budget

The Content Director and the individuals appointed will be a key link with the production sector and the BBC and will promote collaboration across the creative sector to create challenging and ambitious content. The need to produce more for less funding is a worry for many of you as well as for ourselves. The sum available for commissioning content this year - £67m – as I mentioned earlier is a considerable amount of money. Saying that, it is considerably less than the money available for programmes during recent years. This has already meant - and will continue to mean - that you as producers and ourselves in S4C will have to make difficult decisions.

Having to cut down on staff is never an easy process. There were 164 members of staff in S4C two years ago – today the figure is 135. 31 members of staff – 20% - have left since last autumn and the reduction does not include the changes to commissioning. The Chairman, Huw Jones, has declared our intention to cut S4C's running costs to reflect and correspond to the financial cuts in programme budgets. By 2014, S4C's running costs will have been reduced by 19.28%.

I've already started on this process. The present management team is looking at the whole costs that are core and necessary to ensure that we can maintain a service of the highest quality. Every single member of the management team is responsible for reviewing individual costs in areas across the service. It is, of course, impossible to cut some costs overnight, such as fixed transmission costs, but there are some elements within our overheads where it is possible to make savings and this what we're focusing on hand in hand with looking at the best use of resources in co-operation with the BBC.

Yes, there is a need to move swiftly to generate more stability in the industry, but there is also a need to save money. Our aim is to be as open as possible with the sector, for the benefit of everyone – yourselves as producers and ourselves as broadcasters.

A number of issues will have to be taken into account when considering the changes above including:

- Simplifying the administrative process, including the information producers will need to provide e.g. the editorial brief.
- The need to review the Code of Practice and Terms of Trade to reflect the changes in the commissioning process. Also, update the Code and the Terms in general. For instance, considering on-line rights in the light of the recommendations of S4C's New Media Forum; explore the best ways for S4C and its producers to see the true benefits of exploiting programmes and consider the holdback period as part of this: and revise the product placement guidelines to create opportunities and motivation to increase our programmes' budgets.
- The tariffs we are willing to pay for productions and production costs. I am considering commissioning a report looking at the rates paid to workers and for the use of resources in the sector and also to re-visit tariffs.
- I am also eager to urge companies to seek co-production opportunities, especially in the field of animation and children's programmes; factual series; films and classical music. I hope that companies can attract extra funding to create high quality content with international appeal by developing partnerships with distributors, funders and broadcasters outside Wales as well as an opportunity for commercial income through foreign sales or children's merchandise.

Co-productions are difficult and don't always save money and are not, on every occasion, to the taste of the audience BUT I don't believe we should ignore this challenge.... working in creative partnership with foreign companies can attract new and exciting ideas and a different slant to the schedule. We will consider ways of committing to prospective co-productions by way of a letter of intent but laying out the headlines for any terms as soon as possible in the process to give the producer more of an opportunity to have a constructive discussion with any prospective partner.

S4C Masnachol has an annual £1m co-production fund, in addition to the content budget and I would like to urge companies to consider co-production possibilities and to bid for additional money from this fund.

## **Tendering**

We intend to re-visit the tendering process as a result of the changes to the commissioning process.

This is not the same as abolishing the tendering process. But we must find ways of being led by 'Creative Competition' rather than by a process. Rather than preparing masses of paperwork and ticking boxes, we have to enable production companies to concentrate their resources, time and tight budgets on screen rather than to a process over dependant on tendering. Tendering is also a burden on time and the staff of S4C and it will be difficult to maintain such a process with a reduction of staff within and outside S4C.

It's important to note that the principle of "creative competition", value for money and accountability is core to any new process, but this is not the same as introducing tenders for every commission that have been put out to tender in the past. We will have to explore other ways of ensuring value for money and, possibly, more auditing of accounts is one way of accomplishing.

The BBC and many other public broadcasters around the world announce tenders for commissions where the broadcaster wholly owns the rights. They are dependent on the ability and experience of the commissioners to ensure that content the audience wishes to see appears on the screen as well as ensuring value for money.

Snooker and the Weather are examples of series and services put out to tender by the BBC.

My wish, therefore, is to simplify the process, limit the number of series put out to tender and explore ways of aligning our tendering policy closer to those of the BBC and other broadcasters. I want to ensure that companies concentrate on creativity rather than using limited time and resources preparing bids, creating more stability and releasing commissioners from long and complicated processes.

To allow us to change the process and create a new and more flexible and less bureaucratic process, I intend to introduce a “General Moratorium” on tenders for productions due to be broadcast in 2012.

What does this mean?

If the Content Director and the commissioner is happy creatively with series that are already on the screen in 2012 (and where the contracts end in 2012) and is satisfied that we are getting value for our money, we will extend the present contract rather than put it out to tender. This will allow us to hold a further assessment of the situation. I hope this shows that we are flexible and eager to collaborate to create more stability in a period of financial austerity.

Whilst considering this issue, I would, today, like to invite TAC to nominate 3 or 4 people to join us in discussing ways of simplifying the present process and to discuss a new system for the future. Ideally, individuals with experience of working on tenders and who have a thorough experience of the present process should be nominated. The “moratorium” will give us time to re-consider everything and give us an opportunity to create a new system in the spirit of open partnership.

With a change in the commissioning process....the commissioning timetable, the Moratorium on tenders in 2012....and the wish to collaborate and simplify...I sincerely hope that we will, eventually, be able to place much more emphasis on creative discussion.

## **Digital**

S4C’s remit in section 204 of the Communications Act 2003 allows us to provide a “Television Service” through the medium of Welsh. Despite this, C4, as a result of the Digital Economy Act 2010 and the BBC under its Charter can provide a wider spectrum of digital content than S4C. This limits what we can provide in the digital world. We have started discussions with the

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Minister, Ed Vaizey and DCMS officials to try to extend S4C's remit. The initial discussions have been constructive and we are confident that we will come to an agreement allowing us to work more in the field of multi –media over the next few months.

It is important that new media is core to our service in the digital age, but not at the expense of the traditional audiences and media. The New Media Forum, established by the Authority, has made a number of recommendations including:

- Re-defining the core purpose of the Channel of providing 'television services' to include 'across a range of different media'.
- That detailed digital and commercial commissioning strategies are formulated as part of the development work on the new service.
- Investing in digital content through S4C's Digital Fund.

Responses to the public consultation have contributed further to the debate. Hand in hand with any further steps initiated by the Authority, an internal group was established under the leadership of Elin Morris to consider all the paperwork, recommendations and feedback. The intention of the group is to establish a work plan and timetable for the next 3 years. We will invite 1 or 2 members from outside S4C to be part of this group and to offer their input.

Hand in hand with this, £1m a year has been allocated for investing in digital content. We are currently discussing the parameters of this fund and are eager to find financial partners and additional resources from other establishments to add to the commitment and increase the value of the expenditure.

I have, on a number of occasions during the recent weeks, underlined that the principles of Lord Reith for public broadcasting established in 1927 are still relevant but we need to add a drop of Martini – the Martini advert that appeared 30 years ago – and provide content “Any Time Any place Anywhere”

## **BBC**

As I said earlier, I welcome the new partnership with the BBC and I look forward to collaborating with one of the biggest brands in the world and one of the world's most important broadcasting services. I was eager to use this speech to update you on the discussions that have been taking place.

There are currently four work streams being discussed between ourselves and the BBC:

1. Operating Agreement

Discussions regarding the Operating Agreement have started between S4C and the BBC Trust in London and Cardiff with the intention of reaching a draft agreement by the end of July this year.

2. Strategic Partnership Board

A document has been prepared by S4C in relation to the Strategic Partnership Board, outlining the specific areas of discussion where we can consider collaborating and sharing resources across a number of areas. This has been sent to the BBC and initial talks to discuss the timetable and confirm the work streams have taken place. The process is still in its early days, but the discussions have, to date, been positive and constructive.

3. Strategic Partnership (i.e. the 10 hours a week)

The BBC has expressed its desire to extend the Strategic Partnership from March 2013 to 2017. Discussions are about to take place regarding this issue.

4. News Review Board

Regular meetings of the News Review Board have taken place, concentrating on the editorial elements of the News and Current Affairs and Political services.

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As well as the four main work streams, we have already agreed with the Director of BBC Wales, Rhodri Talfan Davies, that we will take part in a feasibility study on co-locating our offices. The work has started and we hope to come to a conclusion in the autumn.

Moving from Llanishen does not make much sense in the short term but we should, in the long term, look at every option.

A wide spectrum of subjects are, therefore, being discussed between ourselves and the BBC – the Trust centrally and the BBC locally with two objectives:

1. Collaborating and saving money where it makes sense.
2. Ensuring the continuation of the best use of money made available to S4C through the licence fee.

## **Measuring Performance**

Measuring Performance is a major subject in our internal discussions.

It is an important subject to ensure that the success of the service is measured in an appropriate and intelligent way. This is needed so that the S4C Authority carry out its duties properly and to give assurances to all our stakeholders that public money is being used effectively.

We will also need to have Performance Measurements that will allow us to report to the BBC Trust regarding spending licence fee money appropriately. In the meantime, we are discussing the main measurements required by us internally in the future.

For a Welsh language public service broadcaster, and in a multi media world, measuring the average number of viewers during peak hours is surely too simple a method of measuring success, and a wider range of measurements conveying reach, economic and social reach combined is a much more comprehensive measurement. We are in the process of drawing up a list that will be presented to the Authority during the next couple of months. I know that Carys Evans, our Head of Research, has contacted you informally to ask for your input. And, as we discuss performance measurements, I'd like to spend a few minutes discussing "Research".

## **Sharing Research**

Thorough research and creative marketing is the foundation for any content service.

Research is essential for us to understand the needs of the audience before commissioning and as we collect response following broadcast. This assists the Content Director and his or her team to make commissioning and scheduling decisions.

Despite this, I believe that viewing figures should provide guidance or offer a framework and that viewing figures are not the only way to assess the value of a public channel such as S4C. Everyone's reaction to the Cyw series is excellent. Cyw is a good example of a public service provision – important and very valuable but attracts a comparatively small audience. Should we disregard Cyw as it does not contribute to the peak hour figures? No it would be bonkers to do so....it's essential...and that's why no one should concentrate on one performance measurement but, rather, on a range of measurements!

And what does our research currently tell us? Well, our weekly reach this year is up by 8,000 – from from 523,000 during the same period last year to 531,000 this year.

As far as appreciation is concerned, our research constantly show that our viewers believe that we are very good at reflecting the 'local' but that there is a need for more gripping programmes that people will talk about. There's a need to push boundaries and make more of an effort in the world of comedy and entertainment to service the 25-45 age group.

Factors such as appreciation, effect on language development and the service's social value in its entirety are all important. They entail commitment and attachment and, possibly, contribute to keeping the language alive. They are factors not reflected in the viewing figures. We are, by the way, arranging a project with KESS/Bangor University to assess the value and contribution of Cyw in the field of language development.

In addition to Cyw, the whole communication process between independent producers in general and the audience on their magazine programmes in the case of Tinopolis, for instance, proves something else – that there are many ways of measuring “involvement” with the channel..... Viewing figures and the number of phone calls by competitors do not necessarily correspond. During December, there were 54,000 attempts in the ‘Cracyr Nadolig’ (Christmas Cracker) competition on Wedi 3 and Wedi 7.

Many people have expressed a desire to receive more information about this area of work – research and sharing the information. I’m more than happy to do this. I have asked Carys Evans, the Head of our Research Department, to consider what we can share and to discuss with producers what pieces of research would be useful to you.

Following initial conversations, we are considering:

- Sharing elements of the BARB figures with everyone – everyone to see everybody else’s figures....so that we can, as a sector, learn from the success or failure of other companies’ programmes. There will be a need not to be over sensitive when seeing good or bad news...but that we learn from criticism and experience.
- Perhaps TAC could subscribe to BARB on behalf of its members, since BARB are unwilling for us to publish all the overnight figures on our production website. This could, perhaps, be considered?
- Share more information in general, about all kinds of qualitative research.
- Hold research sessions with individual producers

And we could consider other specific issues?

1. Rather than publishing the overnight figures on a daily basis, we could also provide consolidated figures as the gains could be substantial.
2. Showing our share against other channels can be very helpful.
3. Measuring “consolidated” figures across online & television (As Live Plus 7).

Whatever we decide, I’m eager to share information and receive feedback on everything. I’ve asked Carys to start the process and ask for input.

At the beginning of this speech, I said that the audience’s needs is the most important factor in all our activities and this has stimulated a discussion between ourselves and Leighton Andrews, the Minister for Education and Skills, and the BBC regarding the possibility of jointly commissioning research. Discussions regarding the research are currently taking place and we hope to jointly progress with the Welsh Government and the BBC without haste. The remit will include:

- i. Asking what the requirements are and the needs of Welsh speakers for the future, in their communities, during their hours of leisure, in relation to Welsh language education, on television, through the medium of the web, newspapers, the theatre and entertainment in general.
- ii. Are the requirements likely to differ to the requirements of the past?
- iii. Is there a change in the attitude towards the language likely to take place in the future?
- iv. What about the less fluent speakers and Welsh learners? Do they share the same requirements?
- v. What will the research tell us about our audience and the schedule?

## **Future Budget**

I have discussed a wide range of S4C’s activities in my speech.  
It is money – the budget – of course that underpins everything.

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We have a 5 year assurance of the funding we will receive from the licence fee – the majority of our budget – but £7m has only been guaranteed until 2015. This is the DCMS’s contribution and we need to consider what will happen to this sum in 2016 and 2017. Will the DCMS continue to pay this sum? These are questions that we will have to continue to ask and we must ensure that we don’t take our eyes off the ball. Losing the £7m would endanger the service and the provision.

I have made many suggestions in this speech about simplifying..... collaborating to jointly find answers. This is a reflection of my personal desire to work closer with you. We are all in the same boat and there is strength in unity and it is something we should strive to reach - that is my wish.

## **Archives**

Before I finish, may I ask for your help as members of TAC in relation to our archive material?

During the 30 years since the establishment of S4C, there is a wealth of material created that is currently secured in the archives. I am eager that people have another opportunity to enjoy these programmes from the archives. One of the recommendations in the New Media Forum’s report was that we should distribute S4C’s archive material online. I would like to ask you as production companies to help us to achieve this in two ways:

1. As the holders of the copyright since 2003, to co-operate with S4C to endorse this recommendation and therefore allowing the material to be released on the web: and
2. As the producers of this material, to suggest which programmes people would, in your view, like to see again.

I am also eager to endorse the Forum’s recommendation to increase the use of S4C’s archive material in schools and colleges for educational purposes.

We can make the best use of this valuable resource by creating partnerships with establishments, bodies and universities in the world of education across all ages.

Once again, I would like us to hold discussions with you to find ways of achieving this in relation to material outside the period of the licence. Creating a joint committee with TAC to suggest ways forward would be very useful.

In this respect, Elin Morris will be in contact with TAC to arrange initial discussions.

## **Conclusion**

If the audience is at the heart of the service, and achieving their needs a sound foundation for success, the producers of our programmes are the backbone of the Channel.

Without programme producers producing cost effective content of the highest quality, there would not be programmes to watch and no service to offer. The relationship between yourselves and ourselves is more important today than ever before, and there's no logic why we shouldn't co-operate in a creative partnership; communicate openly with one another and move forward together with confidence, ambition and boldness.

I will always appreciate your contribution and input. Therefore, be pro-active with your ideas. I don't have every answer, but 30 years after the unforgettable opening in Sophia Close, I'm confident that what I've outlined here today represents the way forward for S4C which will be, to say the least, exciting and thrilling.

Thank you very much.