

Media 18

**Task and Finish Group on the future outlook for the media in  
Wales**

**Response from Telescop**



**Evidence from**

**Teledu Telesgop Ltd**

**to**

**The National Assembly for Wales**

**Communities, Equality and Local Government Committee.**

Thank you for this opportunity to express our view.

## **THE BACKGROUND OF TELEGOP**

Telegop was established in 1993 at Llandeilo, Carmarthenshire, and moved 8 years ago to SA1, Swansea Waterfront.

The company employs 35 full time members of staff and has invested heavily in camera and HD editing equipment over the past two years. The company now produces television programmes for a number of channels but our dependency on S4C and BBC Wales is substantial. Telegop produces the long-term *Fermio* series for S4C, *along with Bro, Y Goets Fawr, Y Porthmon* and a substantial number of documentaries. Telegop produces daily programmes from the Agricultural Show for BBC Wales, along with factual programmes and serieses. We have considerable expertise in the documentary field and also provide programmes outside Wales – such as the recent *Wallis Simpson – The Secret Letters* for Channel 4, *Heath-Wisoshn – The Duel* for BBC FOUR, *Home Front Britain* for Discovery.

Our turnover (£3 million) is comparatively low considering the number of hours that are produced. The reason for this is that Telegop's main products are documentaries and, traditionally, the budgets for factual programmes are far lower now than for drama and light entertainment.

We also produce websites and web channels for commercial businesses, public bodies and the education sector. We are experimenting with a local channel in Neath.

Five directors own shares in the Company, each one being a member of staff.

Over the years, since the establishment of Telegop, we have seen several transformations in the industry and have survived. Mainly :- providing more programmes for less money per hour in order to enable S4C to increase its hours whilst taking advantage of a digital channel; the Assembly's intervention as they attempted to implement a strategy of pushing and supporting growth, at the expense of small companies, in order to attract work outside Wales. S4C and BBC Cymru's current financial crisis presents a threat to jobs and standard and raises basic questions regarding the independent sector's ability, whether large or small companies, to continue in existence.

**1. The current state of the media in Wales and how new technology and other developments are impacting on this, in the context of continuing concerns about the future of the Welsh broadcast and print media.**

From reading the press and the numerous reports published recently, it could be believed that the media in Wales are deteriorating substantially and almost at the stage of collapse.

Ofcom's report, for example, was very negative. It referred to the communications market. Important questions were raised regarding public broadcasters' funding levels for broadcast services in Wales.

Expenditure on original programmes fell by 13% - which is a substantially higher drop than in other GB countries. The total expenditure fell by 33%.

Expenditure on general programmes (programmes that are not News programmes) has fallen by 32% and expenditure on content for Welsh viewers from the BBC and ITV has fallen by £12m in 5 years. The decrease in the funding of English programmes in Wales gives considerable cause for concern – bearing in mind particularly that British television show hardly any programmes regarding Wales and its people, nor does it pay attention to news that is important to the people of Wales.

Turning to S4C, the recent huge cuts are very dangerous to the sector's economy, jobs for Welsh speakers and the nation's self respect. Bearing in mind that S4C has been brave and at the forefront in embracing and investing in the digital technology since 1998, with independent companies sacrificing profit and growth in order to create a full channel for Welsh speakers, the latest financial blow is immense.

In response to the first question, many points must be borne in mind

- **The successes of the Independent Producers**

Amongst the continuous negativity it is essential to draw attention to the sweeping successes of the independent sector in Wales despite the difficult challenges. All in all, companies managed to grow to become important and robust companies, not only in terms of size, but in terms of skills, standard and respect in the world-wide industry. This proves how able and multi-talented the sector is and provides sound evidence that the sector is worth protecting.

The diversity of companies is an important factor. Despite the effort to persuade companies to merge a few years ago, successes can be seen across the sector. We have a situation of micro, small, large, private and public companies. There are examples of successes on British and World-wide channels. There is room to praise these companies and to ensure their continuation. The sector invests in talent and provides training. People and ideas are

independent companies' core materials and vast investments in the new technology and the sale of intellectual property internationally, contributes substantially to the Welsh economy.

Provided below is a very rough list of successes to which we should be drawing attention amongst all the negativity.

Avanti - Ryder Cup Concert

Boomerang - programmes on the para-olympic games, and "extreme sports" programmes, for Channel 4 and work for channels in America.

Cwmni Da- development finance and a commission from Channel 4

Dinamo – "Rastermouse", and "Abadas" for CBeebies

Green Bay – "Ynysoedd" for National Geographic

Hartswood- "Sherlock"

Bulb (Indus) – Bruce Parry, BBC

Machine – "Tati's Hotel" for ITV

Presentable- "Only Connect" BBC 4

Rondo Media – 3 serieses of "Indian Doctors" for BBC1

Tidy - "Stella" for Sky

Tinopolis – that managed to grow and purchase some of Britain's most prominent companies and now owns companies in America

Telesgop – "Wallis Simpson, the Secret Letters" for Channel 4, "Heath Wilson – the Duel," "Turner on the Thames" for BBC 4, "Home Front Britain" for Discovery

The above list shows a variety of content form companies of varying sizes in Wales and we should take pride in these successes, bearing in mind also that it is the existence of S4C that is mainly responsible for allowing these companies to develop and evolve into companies of world-wide standard.

Hargreaves noted in his report:

*'The disappointment has been that so few companies in the Welsh independent production sector have matured into units capable of operating through the UK and beyond.'*

It is important to note that Hargreaves is not correct in his comment. There has been a great deal of success outside Wales. The reason why there was no success sooner is weaknesses in the network channels' attitude towards Wales and independent companies that work for S4C, and not that there is a lack of maturity or ability amongst Welsh companies.

The negative comments regarding the standard of programmes on S4C is very unfair bearing in mind particularly that very small budgets are available for S4C programmes compared with other GB channels.

Accusations are made that independent companies are over-dependent on S4C. Again this is unfair. There are plenty of examples of companies in London and Scotland that are dependent on one broadcaster only. In fact, it could be argued that by working for more than one broadcaster, an independent company becomes 'dependent' on them all – and if one source of funding disappears, this endangers the future of the company. This is certainly true in our case.

Furthermore, a number of companies have embraced new technology, creating appropriate strategies for developing in that way, despite the fact there is no considerable income to be made at the moment in the area – except in the field of animation. Despite that, television remains to be the most important area, and that is what allows companies to experiment in the digital field. (more later on)

- **S4C**

Over the years S4C has been more than a broadcaster – it has been a training ground, a means of improving skills, as producers and directors gain confidence to such an extent that they are able to compete with others who are far more privileged in terms of budgets over the border.

Professor Ian Hargreaves expresses in his report how important S4C is to the production sector in Wales.

It is also important to note that commercial industries where staff can operate entirely through the medium of Welsh are very limited in Wales. Bearing in mind that Welsh medium education ensures that the young people of Wales can discuss subjects through the medium of Welsh, it is fair to note that the independent sector allows Welsh to be present and operational in the workplace outside the education sector. This is all important. For this reason, the nation cannot afford to lose the independent production sector – which is as important as the economic argument.

Consequently therefore, ensuring a sufficient budget to keep the industry on its feet is essential, and we must push for assurance and commitment for the future.

There will certainly be a challenge facing Ian Jones, the new Chief Executive of S4C, in structuring the channel in order to ensure that as much of the budget is channelled towards the independent sector.

Responding to the Assembly's committee, S4C noted that average costs per hour had fallen from a sum (that was already extremely low compared with other channels) of £41,000 to £32,000. Also, the number of programmes has been cut – around 230 fewer next year. This has serious implications in terms of the standard and future of businesses.

S4C has a fund of commercial finance that could be used in order to reduce the channel's own internal costs, and add to expenditure on programmes. We believe that every opportunity should be taken to cut back on the channel's unnecessary bureaucratic expenditure in order to give value on screen and support to the economy.

Independent companies are mature and pragmatic – with many of them having mentioned how they could cooperate in order to save money whilst continuing to produce quality work, as long as there is financial stability over a period of time. That makes complete sense in a time of crisis. The current commissioning process encourages the opposite to this and forces companies to compete, sometimes by tendering, in order to gain work – a process that often costs companies dearly and that normally leads to less money spent on screen.

The new Chairman of S4C, Huw Jones, has expressed at an IWA conference this year that he is aiming for a 'smaller but more effective' channel. He mentions that the internal cuts in S4C will correspond to the cuts in programme finance in terms of percentage – but it is difficult to understand why S4C cannot make much further cuts than that.

One of Ian Jones' clear advantages as Chief Executive is his experience in the field of co-production and the sale of programmes. Other channels are full of examples of co-production. S4C has been abstaining from co-producing for many of years now – one of their arguments is that the Welsh audience tends not to view such programmes as there are a number of other channels available where programmes with an international flavour can be viewed. The Welsh audience prefers to view programmes with a Welsh ethos – this is possibly inevitable as there is no means of viewing programmes about Wales on any other channel – with BBC Wales' opportunities also quickly disappearing. We hope that it will be possible to get some kind of balance, with opportunities to take advantage of co-production finance in order to increase the value on screen - but by keeping those serieses that are crucial to us as a nation.

- **BBC**

### Network.

From our experience, our relationship with the BBC has improved, with far more opportunities for companies outside the M25 to win commissions on the network. It has been a long battle to gain the experience and the respect and there is still a long way to go. One disadvantage at the moment for companies in the Nations is that it is necessary to go through a tier of officers who do not have the ability to commission – they are like some kind of "gatekeeper" or - "go-between". This is extremely frustrating. From our experience, each commission that has been won by the BBC derives from the fact that we have over-ridden those individuals and gone straight to real commissioners and the managers of individual channels. Consequently, we welcome the announcement of Rhodri Talfan Davies, the new Director of BBC Cymru/Wales, that the influential post of head of network documentaries will be based in Wales.

The importance of having targets/quotas in order to ensure that a percentage of production work goes to the independent sector, and to companies outside the M25 is essential and we must battle in order to ensure that this is not abolished. That would be a substantial backward step. It must also be ensured that companies from outside Wales are not encouraged to open an office here with the purpose of taking advantage of the quotas – a situation that is causing considerable frustration at the moment.

### BBC Wales

In this multi-channel age, there is great sadness that there is no means of resurrecting BBC2W – a channel that was assigned for English programmes about Wales. At the moment, BBC Wales programmes must fit within the network's "opt-outs" and the number of such slots is reducing. Menna Richards, the former director of BBC Cymru/Wales has expressed her concerns clearly in the press recently regarding the deterioration in English services in Wales.

The Delivering Quality First scheme (DQF) notes that there is a further commitment for Wales, Scotland and Ireland – and this is to be welcomed.

Again there are cuts - 10% on content – and this is certainly going to worsen the independent sector's situation.

- BBC and S4C – the future!

Following all the discussions, the campaigning, the debating and the negotiating, our feeling, having heard the announcement regarding the form of the new relationship, is that it is a good compromise. Certainly, "top-slicing" the licence fee would be the best result – with S4C gaining the right to manage that money without having to pay homage to another channel. But as that

is probably impossible, the cooperation and the new arrangement until 2017 sound reasonable and sensible.

One fundamentally important thing must be remembered. BBC London does not understand the meaning of being Welsh with the natural need to have a television channel in our own language. Every time we discuss the matter - (which is quite frequently now), with BBC London officers and staff, they see the matter as saving a language - they do not understand the concept that people live their lives through the medium of Welsh, dream and think in Welsh, and have a thinking that is intrinsically Welsh – and different to the thinking of English people who live their lives completely through the medium of English.

The present compromise is, to an extent, miraculous. We must acknowledge the contribution of Elan Closs Stephens (the BBC's trustee in Wales), and Huw Jones (the new Chariman of S4C) to the process and this result where the independence of S4C as a broadcaster is protected and where there is commitment until 2017.

Here are some of the heartening remarks of Chris Patten (Chairman of the BBC Trust) :-

*"the joint partnership board will deliver closer collaboration between S4C and the BBC contributing to the efficiency targets established in the Operating Agreement, as well as BBC Wales' own efficiency targets. Any savings that S4C realised from such collaboration would be reinvested in S4C content."*

*'With our executive teams working together to reduce unnecessary operational duplication, I would expect that the funding available to S4C for commissioning Welsh language programming from the independent sector in Wales can be maintained, or indeed increased, in the period of the licence fee funding from 2013/14 to 2016/17.'*

- ITV Cymru

This is again a matter of considerable sadness as the channel has been so important in the development of the independent sector in the past.

The channel broadcasts 90 minutes per week only outside news hours and commissions to the sector are very limited.

Rather than commissioning programmes from the sector, ITV Wales now competes against us for S4C commissions.

Considerable arguments have been put forward stating that pluralism of views must be attained in Wales, and that the continuation of ITV Wales is essential for that. Maybe the day has come when pluralism is a luxury that can no longer be afforded!

- Local Television

The answer to lack of pluralism is possibly local television. Certainly Cameron's government sees this as the way forward. Telesgop has been experimenting with local channels on the internet- and has invested heavily in one enterprise in Neath. We can honestly say, by the way, that the process so far is arduous, thankless and produces no income at all. Time will tell whether this situation will improve – and we continue to battle. Fyi-Neath is a web channel – it is difficult to tell whether this would work on conventional television. We would prefer the financial support to come for local web projects rather than television at the moment.

## **2. What the priorities should be from a Welsh perspective as the UK Government brings forward proposals for its Communications Bill.**

Based on the points made above, the importance of the broadcasting sector to the Welsh economy and to our Welsh language and culture must be emphasized.

A fair budget for funding the creative sector must be safeguarded for the future – safeguarding any targets/quotas in place by broadcasters in order to ensure work outside London, in the individual nations, and for the Independent Sector.

In order to achieve the above, a closer relationship is required between the DCMS and the Assembly. Had the DCMS kept to the routine of reviewing S4C in 2003, according to the Communications Act, the debacle would not have happened in 2010 when quick decisions were made overnight in an attempt to save money and save a channel as part of the public expenditure review.

It must be ensured that totally incorrect comparisons are not made between the situation of S4C and BBC Alba. Lack of understanding is an integral part of such comments, and they lead to unpleasant ill-feeling . The matter arises in almost every unofficial discussion when speaking to colleagues in London, and it is apparent that senior officers do not understand the importance of the Welsh language and Welshness in Wales. We as a nation may be at fault that we do not manage to persuade/convey/display the meaning of our Welshness. For example – when attempting to persuade one of BBC London's senior officers to produce a programme about Wales – one reponses was "yes but what has Wales got? Scotland has whisky and Kilts - what has Wales got?" Before blaming that person's weakness maybe we should seriously consider the image that we are portraying as a Nation at the moment.

## **3. The opportunities for new media business models to be built in Wales.**

This topic is interesting and difficult. As mentioned above on the matter of Local Television, it is very difficult at the moment to create a commercial enterprise on the internet. Telesgop also runs an agricultural channel - Ffermio.tv – and finds it almost impossible to create an income in the current financial climate.

We are eager to create websites and to use Facebook and Twitter to promote programmes, and to spread messages. Until we create a successful model though, in order to ensure that the material is of quality and that there is an increase in the use, the development will be very slow – particularly in the Welsh language.

Broadcasters do not help in this respect either. To an extent, although there was enthusiasm some years ago towards 360degree broadcasting – there is very little mention of this at the moment.

The only opportunity to develop new media models at the moment is through government grants for part of the budgeting.

Commercially, more relaxed laws are required in terms of intellectual property, and there is a need to create partnerships with educational organisations and local government. Telesgop's business strategy in terms of local web channels depends on being paid by local government for distributing information on their behalf – something that will become more important with time, as more people use the internet, and as local governments decide to use less paper to advertise their services. But in the meantime there are problems with regard to funding.

#### **4. What the Welsh Government is doing to implement the Hargreaves report recommendations and what other steps could be taken to strengthen the media in Wales in terms of content and plurality of provision.**

There are many good aspects in the Hargreaves report but it is not apparent what is happening to implement its recommendations. To be honest, all the reviews, reports and inquiries are beginning to become onerous. I wish the expenditure that is ear-marked for the preparation of such reports was spent directly to promote the development of companies!

In the past, there was intervention by the Assembly in terms of the types of companies that should be members of the sector – specifically their size in terms of turnover. There was a strategy to consolidate companies, thinking that this would lead to more work for Welsh companies from British channels. As a company, we disagreed with that strategy for a number of reasons. Firstly, British channels do not commission on the basis of a company's size – they have never done so. There is no evidence that the larger companies in Wales today are more successful outside Wales than the smaller companies.

Secondly, companies choose to follow their own pattern because of their passion, their experience and their vision as individual businesses. For some, the totally correct answers are to merge, to purchase, to grow or to sell – as the success of Boomerang and Tinopolis shows. For others, it is growing organically, aiming for a specific market and a “niche”, or concentrating on creativity that drives them to go for it. The individual wishes of every large or small business enterprise must be respected. We hope that the Assembly, in the wake of continuous reviews and superficial impressions, will not make the same mistake again in the future.

The above list of independent companies’ successes over the past two years shows clearly that enterprise pays dividends when it has the freedom and support to develop in a natural way, deriving from the individual ethos of every company. On the other hand, the support of the Assembly must be gained in order to ensure this freedom. Special projects need financial support – and the support needs to be flexible.

In terms of financial support, Telegop secured a SIF grant to purchase editing equipment and to increase the number of staff. Bureacracy and lack of flexibility almost caused the Company to wind up. Nevertheless we appreciate the support of a few wise and intelligent individuals within the system who assisted us during that period.

In the wake of that assistance, Telegop went from strength to strength, winning abtitious and important commissions that have had considerable praise over the border. This is therefore an example of where a grant made a world of difference to the future of a company – more than any review or strategy ever did. It is direct, practical support that is needed. And with this in view, we would be very happy to contribute to any discussions.

Finally, but just as importantly, we believe that the assistance of the Assembly is required to eliminate one misleading impression of S4C, that has caused considerable ill-feeling, and that lead partly to S4C’s grief 12 months ago – the viewing figures.

It appeared as if the press, the media and members of the Assembly had a campaign to destroy S4C by picking holes in the viewing figures. S4C is a unique channel with an almost impossible role to fulfil. New methods of measuring the success or failure of the channel’s programmes should be found without using BARB as a yardstick – as it is totally misleading. We understand that BBC Alba uses a different method. Before the current methods of counting viewers ar used in the future, causing problems again for a channel that has enormous challenges, the task of finding a fairer and more realistic method of measuring must be addressed.

**Elin Rhys – Managing Director Teledu Telegop Ltd. 14/11/11**