



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](#)

06/10/2016

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Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynnddi 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 <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	Llafur Labour
Dawn Bowden <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	Llafur Labour
Suzy Davies <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	Ceidwadwyr Cymreig Welsh Conservatives
Neil Hamilton <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	UKIP Cymru UKIP Wales
Bethan Jenkins <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	Plaid Cymru (Cadeirydd y Pwyllgor) The Party of Wales (Committee Chair)
Dai Lloyd <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	Plaid Cymru The Party of Wales
Jeremy Miles <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	Llafur Labour
Lee Waters <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	Llafur Labour

**Eraill yn bresennol**  
**Others in attendance**

Rhodri Talfan Davies	Cyfarwyddwr, BBC Cymru Director, BBC Wales
Phil Henfrey	Pennaeth Newyddion a Rhaglenni, ITV Cymru Head of News and Programmes, ITV Wales
Huw Jones	Cadeirydd Awdurdod S4C Chair of the S4C Authority
Ian Jones	Prif Weithredwr, S4C Chief Executive, S4C
Gareth Powell	Prif Swyddog Gweithredol, BBC Cymru Chief Operating Officer, BBC Wales
Huw Rossiter	Rheolwr Materion Cyhoeddus, ITV Cymru Public Affairs Manager, ITV Wales

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

Steve George	Clerc Clerk
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Gwyn Griffiths	Uwch-gynghorydd Cyfreithiol Senior Legal Adviser
Adam Vaughan	Dirprwy Glerc Deputy Clerk
Robin Wilkinson	Gwasanaeth Ymchwil Research Service

*Dechreuodd y cyfarfod am 09:04.*

*The meeting began at 09:04.*

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

[1] **Bethan Jenkins:** Diolch, a **Bethan Jenkins:** Thank you very chroeso i'r Pwyllgor Diwylliant, y much, and welcome to the Culture, Gymraeg a Chyfathrebu. Eitem 1— Welsh Language and mae Suzy Davies yn mynd i fod yma. Communications Committee. Item 1 Rwy'n croesawu Dawn Bowden yn ôl is introductions, apologies and ar ôl iddi fod yn sâl, felly croeso yn substitutions. Suzy Davies will be ôl, Dawn. Os bydd larwm tân, dylai joining us, and I'd like to welcome pawb adael yr ystafell drwy'r Dawn Bowden back, having been allanfeydd tân penodol a dilyn away for a period, so, welcome back, cyfarwyddiadau'r tywyswyr a'r staff. Dawn. If you do hear a fire alarm, you Ni ddisgwylir prawf heddiw. Dylai should leave the room by the pawb droi eu ffonau symudol i fod yn designated exits. We're not expecting dawel. a test today. Everyone should switch off their mobile phones or turn them to silent.

[2] The National Assembly for Wales operates bilingually, so headphones are available to hear simultaneous translation and to adjust the audio for people who are hard of hearing. Simultaneous translation is available on channel 1 and sound amplification on channel 0.

[3] Peidiwch â chyffwrdd y Please don't touch the microphones. botymau. Rwy'n gwybod eich bod I know that you have provided us wedi bod mewn o'r blaen i rhoi with evidence in the past, so I'm tystiolaeth, felly rwy'n siŵr eich bod sure you're familiar with the system chi'n deall nad oes angen i chi and that you know that you won't gyffwrdd ag unrhyw beth, jest siarad need to touch the buttons, just to yn naturiol. A oes unrhyw un ag make your contributions. Does

unrhyw fuddiannau i ddatgan ar hyn o anyone have any declarations of  
bryd? Na. interest? No.

**Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd  
o'r Cyfarfod ar gyfer Eitem 7**

**Motion under Standing Order 17.42 to Resolve to Exclude the Public  
from the Meeting for Item 7**

*Cynnig:*

*Motion:*

*bod y pwyllgor yn penderfynu that the committee resolves to  
gwahardd y cyhoedd o eitem 7 y exclude the public from item 7 of  
cyfarfod yn unol â Rheol Sefydlog the meeting in accordance with  
17.42(vi). Standing Order 17.42(vi).*

*Cynigiwyd y cynnig.*

*Motion moved.*

[4] **Bethan Jenkins:** O ran eitem 2, **Bethan Jenkins:** Item 2, if Members  
os yw pobl yn hapus, o dan eitem 7, are content, we will move into  
byddwn ni'n mynd yn breifat i drafod private session to discuss item 7.  
yr hyn sydd yn weddill ar ddiwedd y  
cyfarfod.

*Derbyniwyd y cynnig.*

*Motion agreed.*

**S4C: Craffu Cyffredinol**

**S4C: General Scrutiny**

[5] **Bethan Jenkins:** Ac wedyn **Bethan Jenkins:** And then item 3. We  
eitem 3. Rydym ni'n croesawu S4C i welcome S4C for a general scrutiny  
graffu ar y gwaith cyffredinol rydych session. Now we're looking this  
yn ei wneud yn y sector. Rydym ni'n morning at broadcasting in Wales,  
edrych ar ddarlledu yma yng and we have received papers from  
Nghymru, ac rydym ni wedi cael S4C, and I'm sure Members will have  
gwybodaeth gan S4C, ac mae read that. We've also received a brief  
Aelodau wedi darllen hynny, rwy'n from the Research Service. So, a  
siŵr. Rydym ni wedi cael briff gan y warm welcome to Ian Jones, the chief  
Gwasanaeth Ymchwil hefyd. So, executive of S4C, and Huw Jones, the

croeso i Ian Jones, sef prif weithredwr S4C, a Huw Jones, cadeirydd Awdurdod S4C. A ydych chi eisiau rhoi jest pwt bach o gyflwyniad, ac wedyn bydd Aelodau, wrth gwrs, yn gallu gofyn cwestiynau i chi wedyn?

[6] **Mr H. Jones:** Diolch. Beth byddwn yn licio dweud, rwy'n meddwl, yw dros y pum, chwe blynedd diwethaf, mae S4C wedi bod ar daith eithaf troellog. Mae yna lawer o sôn dros y cyfnod wedi bod am beryglon i'r cyllido, peryglon i annibyniaeth S4C. Rydym ni'n dal ar y daith i ryw raddau, ond rwy'n meddwl, yn gyffredinol, rydym ni'n gweld goleuni ym mhen draw'r twnnel, a byddwn yn licio rhannu gyda chi heddiw lle rydym yn meddwl rydym ni wedi ei gyrraedd.

[7] Rydym ni, yn yr wythnosau diwethaf, wedi cael sicrwydd ynglŷn â'r ariannu o 90 y cant o'n cyllid ni am y pum mlynedd nesaf, sydd yn rhywbeth rydym yn meddwl sydd yn werthfawr, er, yn naturiol, mai'r swm yn wastad, felly mae yna wasgu yn hynny. Cawn ni drafod hynny, rwy'n siŵr. Ac, hefyd, rwy'n meddwl ein bod ni'n teimlo bod unrhyw awgrym o fygythiad i annibyniaeth S4C bellach wedi cilio, a'n bod ni'n hyderus, yn gyffredinol, bod yna ymrwymiad i'r annibyniaeth honno. Rydym ni wedi gweld perfformiad da, y perfformiad gorau ers rhai blynedd, yn ystod y flwyddyn ddiwethaf, ac mae llwyddiannau rhyngwladol, llwyddiannau

chair of the S4C Authority. Now, do you want to just make a brief opening statement, and then Members, of course, will question you?

**Mr H. Jones:** Thank you. Well, I think what I'd like to say is that, over the last five or six years, S4C has been on quite a varied journey. There's been a lot of talk over the period about the dangers to the budget and the independence of S4C. We're still on that journey to some extent, but I do think, in general, we are seeing light at the end of tunnel, and we'd like to share with you today where we've reached.

During the last few weeks, we've had assurance regarding the funding of 90 per cent of our budget for the next five years, which is something that we think is very valuable, although, of course, the sum is a flat rate, so there's some pressure there. I'm sure we can discuss that. We also feel, I think, that any suggestion of a threat to the independence of S4C has now gone, and we are confident, in general, that there is a commitment to that independence. We've seen good performance, the best performance we've seen in many years, during the last year, and we have international successes also, and commercial successes contributing to that, which is very

masnachol, hefyd yn galonogol.

encouraging.

[8] Felly, rydym ni'n edrych ymlaen at yr adolygiad sy'n cael ei gynnal y flwyddyn nesaf, a fydd yn gyfle i edrych yn fwy cyffredinol ar yr hyn y mae pobl Cymru yn dymuno'i gael o'u gwasanaeth Cymraeg, ac ar sut orau y mae cyflawni hwnnw, a beth yw'r anghenion cyllidol, ac arall, sydd eu hangen ar gyfer hynny. Rydym ni felly yn teimlo ein bod ni wedi dod o le pell. Mae yna waith i'w wneud, ac rydym yn falch iawn o'r sylw a'r diddordeb mae'r pwyllgor yma, a'r Cynulliad, yn cymryd yn ein gwaith ni.

So, we're looking forward to the review, which will be held next year, which will be an opportunity to take a general overview of what the people of Wales would like to have from their Welsh language service, and the best way to provide that, and what the general budgetary requirements are in relation to doing that. So, we do feel that we have come from a difficult place. There is work to be done still, but we are very pleased that this committee is interested in our work.

[9] **Bethan Jenkins:** Diolch am y cyflwyniad hwnnw. O ran yr adolygiad, jest yn fras, cyn i mi alw Dawn, a ydych chi'n ymwybodol pwy yn benodol fydd yn gwneud yr adolygiad o S4C, ac a oes unrhyw fath o gyfathrebu gyda chi gan y Llywodraeth yn San Steffan ynglŷn â sut fath o ymchwiliad bydd e, termau'r ymchwiliad, ac wedyn sut y bydd modd i ni fel Cynulliad gael mewnbwn i hynny?

**Bethan Jenkins:** Thank you for that introduction. In terms of the review, just briefly, before I call Dawn, are you aware of who exactly will be carrying out that review of S4C? Has there been any correspondence between yourselves and the Westminster Government as to what kind of review that will be, the terms of that review, and how we as an Assembly can have an input into that review?

[10] **Mr H. Jones:** Nid oes enw wedi cael ei gyhoeddi eto. Mae gennym ni drafodaeth barhaol gyda'r Llywodraeth ynglŷn â'r materion yma a materion eraill. Mae'n un o'r eitemau, os liciwch chi, sydd ar yr agenda bob tro rydym ni'n cyfarfod. Mae'r Llywodraeth wedi bod yn gyson yn dweud y bydd yr adolygiad o S4C yn digwydd pan fydd eu gwaith nhw

**Mr H. Jones:** We haven't had a name yet; nothing's been published. We are in constant discussion with the Government in relation to these issues and other issues. It's one of the issues, if you like, that is always on the agenda every time we meet. The Government have been consistent in saying that the review of S4C will happen when their work

ar siartr y BBC wedi cael ei gwblhau. on the BBC charter has come to an end. Now, we know now where that it is. It is coming to an end, but, until that charter has been completed, in relation to the present consultation, we are still waiting. So, it will be some time in the new year, I think, with regard to S4C's review beginning, and I think it's perhaps reasonable to expect that, between now and the end of this year, there'll be more specific discussion regarding the exact remit and who will be undertaking that review.

Nawr, rydym ni'n gwybod yn awr lle mae hynny. Mae hwn yn tynnu at ei derfyn, ond nes y bydd y siartr wedi'i gwblhau, yr ymgynghoriad presennol, fydd y gwaith ddim ar ben. Rydym ni felly yn dal i ddisgwyl mai rhywbryd yn y flwyddyn newydd y bydd adolygiad S4C yn cychwyn, ac felly ei bod hi'n rhesymol efallai i ddisgwyl, o rŵan tan ddiwedd y flwyddyn yma, y bydd yna fwy o drafod penodol ynglŷn â'r union gylch gorchwyl, ac ynglŷn â phwy a sut y bydd yr adolygiad yn cael ei gynnal.

[11] **Bethan Jenkins:** Océ. Diolch yn fawr. Dawn, hoffech chi ofyn gwestiynau ynglŷn ag S4C? **Bethan Jenkins:** Thank you. Dawn, would you like to ask your first questions?

[12] **Dawn Boden:** Diolch, Bethan. Good morning. Nice to see you both again. Just following up on that particular point that Bethan made, because, in your submission, you did talk about your preferred terms of reference for the review, and you talked about S4C's audience, the remit, the funding and so on. So, you would see that as being, from your perspective, very much the remit that you would want the Government to pick up in terms of the review. Do you want to expand on that a little bit more?

[13] **Mr H. Jones:** One of the key issues for us is the question of the Secretary of State's responsibility—statutory responsibility—for ensuring sufficient funding for S4C, because in the past, S4C was funded by a formula that was changed in 2011–12. So, the question is: how does the Secretary of State decide what is sufficient funding? We think, therefore, the review should look at the general question of what S4C should be doing, the more specific question of whether the statutory remit is sufficiently flexible for the modern age to reflect that, and then, going on from that, what does that imply in terms of resources? So, those are the key issues, I think, that we'd like to see the review looking at.

[14] **Dawn Bowden:** That's fine. Thank you for that. Can I just take you

back now to the comment you made initially, which is probably the most important and the most pressing, I guess, from any organisation's point of view, and that's your budget and your finances going forward? You talked about having some stability now over the next few years, and that's to be welcomed, but it does, in reality, amount to a 10 per cent cut. It's a flat-cash settlement, basically, over the next few years. So, how do you propose to meet that over the next five years? Because you are, effectively, going to have to cut your cloth to meet that flat-cash settlement.

[15] **Mr H. Jones:** I'm not passing the buck, but I think this is a question for the chief executive. [*Laughter.*]

[16] **Mr I. Jones:** I think there are three aspects you need to look at there. The first aspect, and the second part that goes hand in hand with the Public Bodies Act 2011, is a letter from the former Chancellor and Secretary of State to the director general of the BBC in July 2015. There's a paragraph in that that I'll actually quote from, which relates to S4C, and that says,

[17] 'The BBC's grant to S4C may be reduced by an equivalent percentage reduction in funding to the percentage reduction made to BBC funding over the period'.

[18] Here's the important point:

[19] 'It will be up to the Government to decide how to make up the shortfall.'

[20] In terms of the review, therefore, there are two parts. There's the statutory obligation on the Secretary of State, ensuring sufficient finance, and then that element of whether there is a shortfall and how the Government will make up that shortfall. So, although there's a real-terms cut in the money from the licence fee, that's only part of our budget. Therefore, it's important in the review that we look at the holistic budget, as it were, and it's important to safeguard the money that currently comes from DCMS.

[21] In terms of the things that we need to do—given that, and to go back to your question—we've taken a huge calculated gamble in the last six months by going back on high-definition television, so that we can show the Euros, so that we don't provide a second-class service. Why should we provide a second-class service? That costs us just over £1 million a year. That's something that we'll have to look at over the next few years, but I'm

determined to try and maintain that.

[22] Over the past years, despite having taken around £65 million out from budget cuts, we've maintained the hours that we broadcast on screen. We'll have to look at that continually over the next three to five years, to see whether we can still afford to do that. There are three genres of programming that attract viewers to S4C. The first one is drama, the second one is sports and the third one is entertainment. Drama is extremely expensive. We've succeeded to reallocate resource in the last four or five years to make sure that we've got drama for about three quarters of the year on a Sunday night, and brought drama into midweek. That's something—again, quite naturally—we're going to have to keep a close eye on over the next few years. Sports rights—well, as you all know, sports rights are notoriously expensive. We're probably broadcasting less sport now than we've done in the past and other broadcasters have far bigger pockets than we do to pay for sports rights. But again, we're a national broadcaster, and as a national broadcaster, it's our duty to reflect everything that goes on in Wales. Therefore, why shouldn't we broadcast the exploits of the national football team and national rugby team, and also the regional rugby teams? That's something we've got to try and maintain, but it costs, so we need to keep an eye on it.

09:15

[23] There are two other points I'd like to make, Dawn. The first one is: in 1982, when S4C launched, we had a target of 20 per cent repeats on screen—so, repeated programmes. We're now at 57 per cent, which, in my view, is far too high. I don't know how we manage that, going forward, if there are other cuts from the DCMS money, let's say, or in terms of the real-terms cuts. But, that's a factor we'll have to look at again.

[24] The final point I'd like to make is I think it's absolutely fundamental that, as a national broadcaster, albeit in the Welsh language, we're inclusive, and that we make our programming and content available to the widest audience possible. Whether they can speak Welsh, are learning Welsh, are fluent Welsh speakers, non-fluent or don't speak Welsh, they should be able to view S4C. Ofcom set us a limit of 53 per cent of our output that has to be subtitled; we made the decision some years ago to increase that, and we're currently at around 79 per cent. I would like to maintain that at that level, but, again, it's something we need to look at over the next few years, as the real-term cuts set in.

[25] **Dawn Bowden:** Okay. And the discussions you've been having with DCMS—the ongoing discussions to try to maintain their level of funding—is that just an ongoing discussion?

[26] **Mr H. Jones:** I think it's worth noting that the DCMS took the point that it was inappropriate to cut S4C's DCMS funding while the review was being undertaken, and the funding was frozen. We hope to see that continuing during the period of the review. But, I would say that DCMS is helpful, is co-operative and is positive. We'll see what the outcome is.

[27] **Dawn Bowden:** That's helpful.

[28] **Mr I. Jones:** Can I add to that?

[29] **Dawn Bowden:** Yes, sorry, Ian.

[30] **Mr I. Jones:** What the Secretary of State said at the time—. Just to be clear, in the comprehensive spending review in 2015, we had a cut over five years. It was the first year of that that was frozen. And the words the Secretary of State used were: 'pending conclusion of the review'. Now, we're rapidly approaching the second year of that CSR and the autumn statement, and I think it's really important that we get clarity on whether it's going to be frozen, as the Secretary of State said, pending the conclusion of the review for another year, or what's going to happen with the rest of those cuts. And the cuts were disproportionate at the time. We were being cut by 21 per cent, but the department was being cut by 5 per cent. So the important point is that we get clarity before the autumn statement.

[31] **Dawn Bowden:** Okay. I noticed Lee wanted to say something.

[32] **Bethan Jenkins:** No, sorry, Dai was going to come in, but have you finished?

[33] **Dawn Bowden:** There was just one other area around finance. I noticed the comments about the benefit and the value to the Welsh economy, and I think we know that's a given, but I would be interested to know how you quantify that. You talk about £2.09 for every £1 spent, or something, in terms of benefitting the wider economy; how do you actually quantify that?

[34] **Mr H. Jones:** That piece of work was a commissioned piece of work

from economists, who identified what the appropriate multiplier for our industry should be, and extrapolated that from spend in different areas to produce that figure. It needs revision from time to time, but it's probably on the low side of economic impact.

[35] **Mr I. Jones:** And it is in accordance with rules set up by the Treasury, as well, as to how you measure gross value added.

[36] **Dawn Bowden:** Okay.

[37] **Bethan Jenkins:** Okay. Dai Lloyd has indicated, so—.

[38] **Dai Lloyd:** Diolch, Gadeirydd. Diolch yn fawr am yr adroddiad ysgrifenedig sydd gerbron, a hefyd diolch yn fawr iawn am fod yma, achos yn sicr, rwy'n credu bod y pwyllgor yma, wrth i'r amser mynd yn ei flaen, yn disgwyl ymlwybro'n ddyfnach i mewn i'r byd cyfathrebu, er nad yw popeth wedi ei ddatganoli yma i'r Cynulliad. Ond rydym yn y broses o graffu yn fwy manwl ar beth mae pobl yn ei wneud, yn eich cynnwys chithau yn S4C.

**Dai Lloyd:** Thank you, Chair. Thank you very much for the paper that you've submitted and thank you very much for being here this morning, because I think that this committee, as time passes, will expect to look more deeply into issues of communication, although not everything is devolved to the Assembly. But we are in the process of scrutinising these issues in far more detail, including you in S4C.

[39] Rwy'n credu, i ddechrau, ei bod yn werth pwysleisio'r ergyd ariannol y gwnaethoch chi ei deimlo—ac y gwnaethom ni i gyd ei deimlo—yn 2010, gyda'r golled anferthol yna o'ch cyllid o ryw 36 y cant, rwy'n credu, ac yn gynyddol ers hynny. Yn nhermau'r datblygiadau sydd wedi digwydd, neu sydd ar fin digwydd—symud i Gaerfyrddin, er enghraifft. Sut ydych yn gobeithio ymdopi efo'r fath golled enfawr? Rwy'n gwybod eich bod chi'n rhannol wedi ateb hynny, ond mae'n werth nodi ar gyfer y cofnod, rhag ofn i rai

I think, first of all, that it is worth emphasising the financial blow that you felt—and we all felt—in 2010, given that huge loss from your budget of some 36 per cent, I believe, and it's increased since then. Now, in terms of the developments that have taken place, or are about to take place—for example, the move to Carmarthen. How do you hope to deal with such a huge loss of your budget? I know that you've answered that partially, but it is worth putting on the record, in case some people do forget what actually happened in

pobl anghofio beth ddigwyddodd yn 2010, gymaint o ergyd ariannol wnaethoch chi ddioddef bryd hynny.

2010 and how much of a blow that you suffered at that point.

[40] **Mr H. Jones:** Efallai mai'r ffordd hawsaf i ateb hynny ydy gofyn i Ian, sef y prif weithredwr sydd wedi gorfod ymdopi â hynny, beth wnaeth o, a beth sydd wedi digwydd ers 2010.

**Mr H. Jones:** I think the easiest way to answer that is perhaps to ask Ian, as the chief executive who's had to deal with that, about what he did and what's happened since then.

[41] **Mr I. Jones:** Pan gychwynnais i yn y swydd ddiwedd 2011, dechrau 2012, fe wnes i benderfynu edrych ar bopeth. Nid oedd dim dewis. Fe wnaethom ni edrych ar y strwythurau o fewn S4C ac fe wnes i herio'r staff a herio pawb yn fewnol i drïo symleiddio popeth, i leihau biwrocratiaeth ac i symleiddio'r ffordd roeddem yn gweithio ac i gyflymu'r ffordd roeddem yn gweithio.

**Mr I. Jones:** When I started in the job at the end of 2011 and the beginning of 2012, I decided to look at everything. There was no choice but to do that. We looked at the structures within S4C and I also challenged the staff and everyone on an internal basis to try and streamline things to reduce bureaucracy and to try and simplify the way we worked and to move that at a greater pace.

[42] Rŷm ni wedi gwneud lot o arbedion yn fewnol ar hynny dros y pedair neu bum mlynedd diwethaf ac rŷm ni wrthi ar hyn o bryd yn mynd trwy broses ffurfiol o ymgynghori gyda staff ar strwythur newydd. Felly, nid oedd dewis gennym ni, ond edrychom ni'n fewnol yn gyntaf ar y strwythurau.

We've made many internal savings over the last four or five years, and at the moment, we are going through a formal consultation process with staff on a new structure. So, we had no choice, but we looked internally first at the structures.

[43] Mae'r staff, dros chwe blynedd, yn anffodus, wedi dod i lawr o 220 i lai na 130. Wedi i ni adleoli i Gaerfyrddin a chydleoli'r ochr technegol gyda'r BBC, bydd hynny'n golygu bod nifer o'r staff yn symud i weithio gyda'r BBC. Heb gynnwys y staff yna, byddwn i lawr wedyn i o

The staff, over six years, unfortunately, has reduced from 220 to less than 130. Regarding relocating to Carmarthen and jointly locating the technical side of our operation with the BBC, that means that a lot of our staff will move to work for the BBC. So, excluding those

gwmpas 80 o staff o'i gymharu â 220.

staff, we will be down then to around 80 staff as compared with 220.

[44] Rŷm ni wedi edrych wedyn ar y gorbenion—yr *overheads*—mewnol yn yr un ffordd, ac rŷm ni wedi gostwng yr *overheads* i o gwmpas 4 y cant. Mae hwnnw'n cymharu gyda chyfartaledd o o gwmpas 11 neu 12 y cant yn y sector cyhoeddus. Felly, rŷm ni'n effeithiol ac yn effeithlon.

We've also looked at the internal overheads in the same way and we have reduced those overheads to around 4 per cent. That compares with an average of around 11 or 12 per cent in the public sector. So, we are very efficient and effective.

[45] Gwnaethom ni edrych i gynyddu faint o arian a oedd yn mynd i mewn i'r sector gynhyrchu er mwyn cynyddu'r gwerth ar y sgrin. Mae 81 y cant o arian S4C bellach yn mynd *straight* allan i'r sector i gynhyrchu rhaglenni.

We have looked at increasing the amount of funding going into the production sector in order to improve the value we offer on the screen. Eighty-one per cent of S4C's money goes straight out to the sector to produce programming. We have

[46] Rŷm ni wedi tynnu £17 miliwn y flwyddyn o arbedion oherwydd hynny. Dyna'r rhan fewnol.

drawn £17 million per year in savings as a result. That's the internal picture.

[47] Wedyn, o ran yn allanol, fe wnaethom ni drafod gyda'r sector yn agored a thrafod sut y gallem ni gydweithio i fod yn fwy effeithlon ac i ddylifro gwell gwerth am arian. Fe wnaethom ni lwyddo i sefydlogi'r diwydiant drwy ragarchebu rhaglenni dros gyfnod, a oedd yn golygu y gallai'r cwmnïau cynhyrchu gyflogi pobl am flwyddyn neu ddwy yn hytrach na deufis neu tri mis. Roedd yna fanteision ariannol i wneud hynny. Fe wnaethom ni gydweithio gyda'r cwmnïau allanol i greu gwell strwythur hyfforddiant ar gyfer y diwydiant. Canlyniadau hynny i gyd dros y pum mlynedd diwethaf yw bod ein cost comisiynu rhaglenni ni wedi

In relation to external activities, we discussed on an open basis with the sector, looking at how we could collaborate with them to be more effective and efficient and to deliver better value for money. We succeeded in stabilising the industry by pre-ordering programmes over a period, which meant that those production companies could perhaps employ people for a year or two rather than for two or three months. There were financial advantages to doing that. We worked with the external companies to create a training structure for the industry. The upshot of that, over the last five years, has been that our

gostwng 35 y cant. Mae ein cost yr awr ni hefyd yr isaf erioed—£10,800 yr awr.

commissioning costs in relation to programmes have reduced 35 per cent. Our cost per hour is also the lowest it's ever been—£10,800 per hour.

[48] Wedyn, o ran y rhan olaf—Caerfyrddin—roedd yn awydd gen i yn ôl yn 2012 i weld a allem ni ehangu mwy o weithgareddau S4C ar draws Cymru yn hytrach na gwneud popeth o Gaerdydd. Gwnaethom ni gomisiynu astudiaeth dichonolrwydd i edrych ar hynny a daeth yn amlwg yn weddol gyflym y byddai'r impact mwyaf yn cael ei greu, a'r arbedion mwyaf yn cael eu creu, pe byddem ni'n gallu adleoli pencadlys S4C y tu allan i Gaerdydd—a pham na ddylem ni? Beth yw'r pwynt o gael pencadlys ar ystâd ddiwydiannol yng ngogledd Caerdydd pan gallwn ni greu mwy o impact economaidd, ieithyddol a diwylliannol y tu allan i Gaerdydd?

So, in relation to the last issue—Carmarthen—back in 2012, I had a desire to look at whether we could expand more of S4C's activities across Wales rather than doing everything from Cardiff. We commissioned a feasibility study to look at that and it became clear quite quickly that the biggest impact and the greatest savings would be achievable if we could relocate S4C's headquarters outside of Cardiff—and why shouldn't we? What's the point of having a headquarters on an industrial estate in north Cardiff when we could make a greater linguistic, economic and cultural impact outside Cardiff?

[49] O fynd trwy'r broses hynny a gychwynnom ni yn 2012, gwnaethom ni weld ein bod ni hefyd yn gallu arbed arian, er mai'r canllaw a gefais i gan yr awdurdod, o edrych ar adleoli pencadlys S4C y tu allan i Gaerdydd, oedd sicrhau ei fod yn gost-niwtral. Rwy'n hyderus y byddwn yn arbed arian dros 20 neu 25 mlynedd o fod wedi gwneud y penderfyniad hwnnw, yn ychwanegol at greu'r impact.

In going through that process, which we began in 2012, we saw that we could also make savings, although the guidance I had from the authority, in looking at relocating S4C's headquarters outside Cardiff, was to ensure that it was cost-neutral. I am confident that we will be saving money over 20 or 25 years, having made that decision, in addition to creating the impact.

[50] **Dai Lloyd:** Grêt. Jest yn dilyn hynny, os caf fi, Gadeirydd, i'r rhai ohonom ni sydd yn wastadol yn

**Dai Lloyd:** Great. Just following on from that, Chair, if I may, for those of us who constantly have to defend the

gorfod amddiffyn cost S4C, a allwch chi olrhain, gogyfer â'r cofnod, y buddiant economaidd i'ch gweithredoedd?

[51] **Mr I. Jones:** Mae budd economaidd S4C, am bob punt rŷm ni'n ei gwario, yn creu *gross value added* o £2.09 i'r economi. Mae hynny'n gyfystyr ag impact blynyddol o £117,000 y flwyddyn. I edrych arno fe mewn ffordd wahanol, mae'r gyfres *Y Gwyll/Hinterland* wedi bod yn eithaf llwyddiant—mae wedi bod yn llwyddiant i'r gynulleidfa, mae wedi gwerthu yn rhyngwladol—ond, o edrych ar Aberystwyth, lle cafodd *Y Gwyll* ei ffilmio, mae'n creu impact o gwmpas £1 filiwn y flwyddyn i dref Aberystwyth. Mae gwariant S4C wedi cael ei rannu ar draws y wlad. Mae o gwmpas 27 y cant yn cael ei wario yn y gogledd, 17 y cant yn y de-orllewin ac o gwmpas 49 y cant rhwng y canolbarth a'r de-ddwyrain. Felly, mae'r impact yn weddol sylweddol.

cost of S4C, can you just put on record the economic benefits that your activities bring about?

**Mr I. Jones:** The economic benefit of S4C, for every pound we spend, creates a gross value added of £2.09 for the economy, which equates to an annual impact of £117,000 a year. To look at it in a different way, the *Y Gwyll/Hinterland* series has been very successful—it's been successful in relation to audiences, and it's sold on an international basis—but, in looking at Aberystwyth, where *Y Gwyll* was filmed, it creates an impact for the town of around £1 million a year. S4C's spending is spread across the country. Some 27 per cent is spent in north Wales, 17 per cent in the south-west and around 49 per cent between mid Wales and the south-east. So, the impact is quite significant

[52] **Bethan Jenkins:** Grêt, diolch am hynny. Mae Lee wedi gofyn am gwestiwn. Diolch.

**Bethan Jenkins:** Okay, thank you very much for that. Lee has indicated.

[53] **Lee Waters:** Yes, diolch, thank you. I'd just like to ask a little bit about governance. You've been historically dismissive of the idea that the Welsh Government should have a role in holding you to account. Then, in 2010, the UK Government, which you'd put all your faith in, cut your budget by almost a quarter and the cuts have continued since. I wonder if you have any reflections on whether or not putting all your eggs in one basket and having a relationship with the UK Government was a wise one.

[54] **Mr H. Jones:** I think you're overstating the case there. I don't think we've objected to the concept of accountability. What we have always stated,

when the issue has arisen, is that our job is to advise as to what consequences might occur in terms of funding. The accountability goes with the funding. So, if there is any prospect of S4C being funded directly by the Welsh Government instead of the UK Government, that brings a different accountability trail, naturally. The question in terms of the funding from the licence fee—. And we go back to this issue—the Secretary of State’s statutory responsibility to ensure sufficient funding for S4C. He is able to fulfil that function in different ways.

[55] **Lee Waters:** She.

[56] **Mr H. Jones:** She—yes, sorry. Part of that has been securing the agreement of the BBC that S4C should be partly funded from the licence fee, but that has happened in the context of wider discussions between UK Government and the BBC. What we’ve always said is that we’re perfectly happy to come to the Welsh Assembly and to Welsh Government to report, to be questioned, as we are today, and for our annual report to go not only to the UK Government but also to the Welsh Government. We have no problem with that at all. All we’re saying is: can we be clear, when we talk about accountability, what we’re talking about in terms of the impact on funding?

[57] **Lee Waters:** Do you have a view on the devolution of responsibility for S4C from the UK Government to the Welsh Government?

[58] **Mr H. Jones:** The view is the one I’ve just expressed. We would raise the question, if that is a proposal on the table, of how the proponents of that move envisage the funding path changing.

[59] **Lee Waters:** I’m assuming that the funding would move with the accountability—

[60] **Mr H. Jones:** That would be the assumption that would have to be tested.

[61] **Lee Waters:** Right. Okay. So, assuming that was the case, you’d be—. You’re agnostic where responsibility lies, so long as the money goes with it and all the accountability goes with it.

[62] **Mr H. Jones:** I think that’s a fair assessment. Yes, funding brings with it accountability.

[63] **Lee Waters:** Yes, I appreciate that. You mentioned there that you were prepared to come before committees of the Assembly. In the last Assembly, the Communities, Equality and Local Government Committee recommended that the relationship between S4C and the Assembly be formalised, where we have an agreement where you submit your reports and accounts to the Assembly. What's your response to formalising that arrangement?

[64] **Mr H. Jones:** We'd be perfectly—. After that meeting, we had discussions with the Assembly, which, actually, will be continued imminently. It has not been because of any reluctance on our part that that hasn't progressed; it hasn't been seen, maybe, in the past, as being an Assembly priority. But, if there are firm proposals as to how that should be done, we are more than happy to engage on that front.

09:30

[65] **Lee Waters:** It would appear pretty straight forward, wouldn't it?

[66] **Mr H. Jones:** One might have thought so, but the Assembly has other priorities as well to consider.

[67] **Lee Waters:** Okay. We know that this committee has been reconstituted with a specific focus—maybe we can revisit that.

[68] **Mr H. Jones:** Very happy to do so.

[69] **Lee Waters:** When the new arrangements came in with the BBC, there was a great deal of anxiety about your accountability to the BBC Trust. I wonder if you could tell us how that relationship has developed.

[70] **Mr H. Jones:** Yes, I think that's a fair assessment. At the beginning, there was an anxiety. It wasn't clear that this wasn't some form of takeover of S4C. And, it took—. The sensitivities involved was that the BBC has always seen itself as the guardian of the licence fee, and S4C has always been jealous to safeguard its independence—its operational and managerial independence. Therefore, there was a conundrum—there was a circle to be squared—and it took some time. It took considerable discussion, but it happened. I think the operating agreement that we arrived at with the BBC prior to 2013 was the mechanism that allowed those two things to be delivered.

[71] Then, during the four years of the operating agreement, which is coming to an end next March, there has been, on the one hand, a good relationship in terms of our relationship with the trust—we've had a trust member on the S4C authority—and then there's been a good partnership at an executive level, which has allowed, for example, the development of the plans to co-locate technical aspects in Cardiff and also, for example, the availability of S4C on the iPlayer, which has been of great benefit. You can talk about the other benefits, but I'm aware, for example, of the way the S4C news service—the BBC's news on S4C—was relaunched with a huge amount of goodwill and co-operation, which I think has led to an improved, more relevant service. So, there has been a very positive period of four years, which we want to maintain all the benefits of, but recognising that where we're now going is into a different relationship because the BBC is changing.

[72] **Lee Waters:** So, it's gone better than expected, then. Have there been any—

[73] **Mr I. Jones:** Could I add to that, Lee, please, before answering your question?

[74] **Lee Waters:** Yes.

[75] **Mr I. Jones:** The key thing for me is the operating agreement between the authority and the BBC Trust, and there's a line in that operating agreement that is quite specific: it says that S4C retains editorial, managerial and operational independence. That defines the relationship. With that line in the agreement, it works; if that line wasn't in the agreement in the past, I'm not sure whether it would have worked.

[76] **Lee Waters:** Right, so it's gone better than anticipated.

[77] **Mr I. Jones:** It's a very good—. From my perspective and from the exec's perspective, it's a very good relationship on all fronts. I have a good relationship with Rhodri. Yes, we disagree, but we have a good constructive relationship. There's a good relationship on the statutory agreement, where the BBC, since 1982, has supplied 10 hours a week—that's a good creative relationship, which covers news, current affairs, sport and Pobol y Cwm. As Huw's alluded to, there was a very good relationship in 2013, where we worked as one team to redefine the BBC's news programme. That's unheard of. We had a creative input, and I think that really worked on screen. We moved the news from 7.30 p.m. to 9 o'clock, and it's performed much better

since then. So, from an executive perspective across the board, it's a very, very good relationship.

[78] **Lee Waters:** So, when there are disagreements, the current arrangement allows the flexibility for S4C to maintain its independence while also allowing those synergies to happen. In terms of the new draft BBC charter, what are your thoughts on that?

[79] **Mr H. Jones:** We welcome the clear references to S4C in the framework agreement and the charter documentation, because they clearly commit to the independence of S4C and they give a clear recognition of funding going forward for the five years. There is expression there of the need for the partnership to continue for the benefit of viewers, which we agree wholeheartedly with. There's important reference there to what should happen in the second five years of the BBC charter, in that the Secretary of State, following the review of S4C, should express what happens in that second five years—what the process is by which the funding from the licence for the second five years should occur. So, the most important things for us have been tackled in that framework agreement.

[80] **Lee Waters:** And you're content with the governance arrangements of having a single board member for Wales being able to represent S4C's interests and the BBC's?

[81] **Mr H. Jones:** Because the trust is coming to an end, we are looking at a different kind of BBC. The BBC, as a unitary body, is a different animal to—. Our primary relationship, in terms of funding, has been with the BBC Trust. Now, that is changing. Therefore, we anticipate that our relationship with the BBC will evolve from what it is at the moment. We anticipate that the relationship will become more in the nature of a contractual one where—and this is reflected in the wording of the framework agreement—the implication is that S4C will account to the BBC for the fact that the money has been used for the purpose intended. There is less of an opportunity, if you like, which existed in principle although not in practice, for a qualitative process of accountability. So, we anticipate that recognition that the responsibility for ensuring that the service delivers the service objectives lies with the S4C authority, as it always has, but that that is clear. And accounting for the funding is a matter of ensuring—. There are ways of showing it's been spent on the purpose it's intended for.

[82] The question then arises of whether there is a representative of the

BBC unitary board on the S4C authority, because there's been a trust member on the S4C authority, which has been positive in this past period. But our view is that, given that the unitary board is also the board that makes decisions on behalf of the BBC—it is the overall executive board of the BBC—it's no longer appropriate, probably, for the Welsh member to be on the S4C board.

[83] **Lee Waters:** So, potentially, the collaborative and creative gains you've just described that have happened over the last few years might well slip back into a more client-partner relationship that's existed before.

[84] **Mr H. Jones:** I think all the benefits of that—. The framework agreement refers to the need for the active partnership to continue, and we buy into that. That is absolutely right. Independence is independence or it's not independence. So, looking at our processes, we think that what was set up for the last four years was of its time, to enable us and the BBC together to work through this traumatic experience—or change, if you like, which was announced in 2010–11. And we've done that. So, what we want to do is to maintain the positives, but we can't hide the fact that the BBC has changed. The BBC Trust—the mechanism that allowed us to have that relationship between an authority and a trust and not to have a direct accounting relationship with the executive body—has changed by the creation of the unitary BBC board. So, we've got to ensure that what we have in place are mechanisms that work and deliver benefits for viewers, but which are not necessarily the ones that have existed in the past four years.

[85] **Mr I. Jones:** Can I come back on the last point, Lee? Regardless of the relationship, we're two independent broadcasters funded from the licence fee. And if we're two independent broadcasters funded from the licence fee, I feel there's an onus on us both to look at joint partnerships, to look at making our resources go further, making our money go further and working together, whether that's creative collaboration on something like *Y Gwyll*, whether it's platform collaboration with the iPlayer, or whether it's anything else. We have had since 2012, I think, a joint partnership board, which meets on a regular basis to look at how we can work together closer across all areas, save money and deliver more value. Regardless of the formal relationship, we'll continue to do that.

[86] **Bethan Jenkins:** I just want to—if you've finished—bring some more Members in. So, Jeremy and then Suzy.

[87] **Jeremy Miles:** Diolch. A gaf i roi'r cwestiwn o ariannu a'ch cyllideb chi? Rwy'n deall mai rhyw 2 y cant o'r gyllideb sy'n dod o weithgareddau masnachol, ac mae rhai elfennau o'r ddarpariaeth ddigidol yn benodol yn dibynnu'n llwyr ar hynny, rwy'n deall. Mae'r canran yn fy nharo i fel canran cymharol fach. A oes strategaeth gyda chi i gynyddu'r canran fel rhan o'r gyllideb yn gyffredinol?

**Jeremy Miles:** Thank you. If I could return to the question of funding and your budget, I understand that some 2 per cent of the budget comes from commercial activities, and some elements of the digital provision are entirely reliant upon that, as I understand it. That percentage strikes me as being relatively low. Do you have a strategy to increase that percentage as part of the wider budget?

[88] **Mr I. Jones:** A gaf i roi ychydig o gefndir hynny i bawb, achos mae'r cefndir yn ofnadwy o bwysig? Mae gan S4C gwmni masnachol. Pan oedd S4C a Channel 4 yn rhannu'r un gofod yng Nghymru, mi oedd S4C yn cael mantais enfawr o'r arian oedd yn dod o incwm hysbysebu. Ar yr adeg honno, yn mynd nôl rhyw chwech neu saith mlynedd, roedd hynny'n creu rhyw £10 miliwn y flwyddyn o incwm i S4C. Ond, fel rwy't ti'n gwybod, mae lot o benderfyniadau ar hysbysebu yn cael eu gwneud yn Llundain, ac roedd lot o'r cwmnïau hynny yn gweld Channel 4 yn diflannu o'r un gofod, ac felly roedd yn rhoi llai o werth iddyn nhw—roedden nhw'n cyrraedd llai o ddemograffeg. Ers hynny, dros bump, chwech neu saith mlynedd, mae'r incwm hysbysebu wedi gostwng o ryw £10 miliwn, lawr yn agos at £2 filiwn oherwydd hynny. Nawr, mae hwnnw'n ergyd enfawr achos mae'r cwmni masnachol yn creu cyfleoedd i ddod ag incwm i mewn, i drosglwyddo'r incwm yna

**Mr I. Jones:** Perhaps I can give some background on that to everyone, because the background is very important. S4C has a commercial company. When S4C and Channel 4 shared the same space in Wales, S4C had a great advantage regarding the funding coming from advertising income. At that time, and I'm going back some six or seven years now, that created £10 million a year of income for S4C. But, as you know, a lot of the decisions in relation to advertising are made in London, and many of those companies could see Channel 4 disappearing from the same space, and therefore it provided less value for them, because it was reaching a lower level of demographic. Over the last five, six or seven years since then, the advertising income has decreased from some £10 million down to some £2 million because of that. That's a huge blow, because the commercial company does create opportunities to bring income in, and that income can be used in the form of a dividend

mewn ffurf difidend i S4C yn flynyddol. Felly, dyna'r ffactor cyntaf. Mae hynny allan o'n rheolaeth ni, mewn ffordd. Mae lan i hysbysebwy ynglŷn â faint o ddemograffeg maen nhw'n credu maen nhw'n gallu eu cyrraedd drwy hysbysebu ar S4C.

[89] Yr elfennau eraill yw ein bod ni'n buddsoddi mewn cydgyhyrchiadau, ac mae *Y Gwyll* yn enghraifft glasur o hynny, lle gwnaeth y cwmni masnachol fuddsoddi *distribution guarantee* ochr yn ochr â chwmni o'r enw all3media yn Llundain, a'r gobraith yw y cawn ni'r arian yna yn ôl dros gyfnod. Efallai gwnawn ni elw, ond heb hynny, ni fyddai *Y Gwyll* wedi digwydd. So, mae yna ddau ran i'r ochr masnachol. Mae galluogi pethau i ddigwydd trwy fuddsoddi mewn cynnwys i'r darlledwr a thrio gwneud arian tymor hir, neu *downstream income*.

[90] Mae e'n isel, ond mae gennym ni gynlluniau ar waith, ac wedi bod ar waith ers 2012 i drial edrych ar bortffolio o fuddsoddiadau er mwyn denu arian dros gyfnod o bump i 10 mlynedd. Nid wy'n gwybod os byddwn i'n llwyddiannus, achos mae buddsoddiadau yn anodd iawn i ddenu incwm. Mae hysbysebu ar yr un gofod â Channel 4—roedd e'n lot haws. Felly, mae gennym ni gynllun. Mae'r cynllun hwnnw wedi ei gymeradwyo gan y bwrdd masnachol a chan yr awdurdod, ac rydym ni'n adolygu'r cynllun yna bob dwy neu

to S4C every year. So, that's the first factor. That, of course, is out of our control, in a way. It's up to advertisers how much demographic they think they can reach through advertising on S4C.

The other elements are that we invest in joint productions, and *Y Gwyll* is a classic example of that, where the commercial company invested a distribution guarantee along with all3media in London, and the hope is that we will recoup that money over a period. We may make a profit, but without that, *Y Gwyll* would not have happened. So, there are two parts to the commercial side. There is enabling things to happen through investment in content for broadcasters and trying to make money in the long term, or downstream income.

It is low, but we do have plans afoot, and they've been afoot since 2012 to try to look at a portfolio of investments in order to attract money over five to 10 years. I don't know if we'll be successful, because investments are very difficult with regard to attracting income. Advertising on the same space as Channel 4—things were much easier when we were able to do that. So, we do have a plan, which has been approved by the commercial board and the authority, and we review that plan every two or three years.

dair blynedd.

[91] **Mr H. Jones:** Mae'n werth nodi yn 2003, mi fynnodd y Llywodraeth fod hawliau rhaglenni yn cael eu dal gan gynhyrchwyr annibynnol, ddim gan y darlledwyr. Mae hynny, mewn ffordd, wedi newid deinamig y diwydiant. Mae'n rhoi'r cyfleoedd a'r cyfrifoldeb, efallai, i ecsbloetio'r hawliau yma yn nwylo'r cwmnïau yn hytrach nag yn ein dwylo ni.

**Mr H. Jones:** It's worth noting that in 2003, the Government required that programme rights should be held by independent producers, not the broadcasters. That's changed the dynamic of the industry, in a way. It places the responsibility and the opportunities to exploit these rights in the hands of the companies rather than our own hands.

[92] **Jeremy Miles:** O safbwynt hynny a'r cwestiwn o ganran, beth ych chi'n rhagweld fel targed neu ganran realistig i'r strategaeth fasnachol sydd gyda chi ar y gweill?

**Jeremy Miles:** In relation to that and with regard to the percentage, what do you foresee as being your target or a realistic percentage in relation to the commercial strategy that you have in the pipeline?

[93] **Mr I. Jones:** Gan fod y rhan fwyaf o'r arian yn dal i ddod o hysbysebu a chan fod buddsoddiadau yn rhai tymor hir, ni fyddwn ni'n gwybod am ryw bedair neu bum mlynedd os byddwn ni'n llwyddo. Buaswn i'n licio ei gynyddu fe i 3 y cant neu 4 y cant, ond rwy'n meddwl ei fod e'n mynd i fod yn anodd iawn, iawn i wneud mwy na hynny. Ond dyhead yw hynny, *aspiration*, yn hytrach na tharged pur.

**Mr I. Jones:** As most of the funding still comes from advertising and that investments are long-term investments, we won't know for some four or five years if we are succeeding. I would like to increase it to some 3 per cent or 4 per cent, but I do think it's going to be extremely difficult to achieve more than that. But that's an aspiration, rather than a pure target.

[94] **Bethan Jenkins:** Diolch yn fawr. Suzy.

**Bethan Jenkins:** Thank you very much. Suzy.

09:45

[95] **Suzy Davies:** Thanks. Two questions, and the first one on governance. I must say I've heard what Huw said about how the relationship could look a

little bit different as a result of the charter, but it's clear that you think the relationship with the BBC has worked well up until now. It also came across that, as with any business, probably the personal relationships had a lot to do with that as well—the ability of individuals to work together. Looking forward, are there any weaknesses in the framework that you've spotted that can't be plugged by good personal relationships? I'm trying to get a sense of how much of this is working because you're all getting on, and how much of it is because there's robustness in the structure. So, that's my first question.

[96] The second one is: S4C is now accountable to a lot of people. You mentioned not only your own board, but BBC in terms of finance and DCMS and, of course, ourselves now—or shortly. What weight are you likely to give to any reports and recommendations that this board makes, bearing in mind that we have no financial responsibility for you at all?

[97] **Mr I. Jones:** I'll deal with the first part of the question, then I'll pass the buck over for the second part of the question. Just to remind you, in an answer to Lee, I think it was, earlier, that this key clause that's in the current operational agreement—

[98] **Suzy Davies:** That's enough—.

[99] **Mr I. Jones:** —ensuring operational, managerial and editorial independence is fundamental, as far as I'm concerned. We'll have to negotiate a new operating agreement under the new terms. In looking at everything from the Secretary of State's comments to Tony Hall's comments, and to other people's comments, confirming their agreement to S4C's independence, I can't see why that clause shouldn't appear in a new operational agreement. That gives us that protection as much as anything, over and above the personal relationships. Now, I don't want to give the impression that Rhodri and I are best pals and go down the pub every night—

[100] **Suzy Davies:** No, no. I know that.

[101] **Mr I. Jones:** We get on, we get on professionally, we disagree on a lot of occasions, but it's a very, very good constructive discussion and relationship.

[102] **Mr H. Jones:** I'd add to that that I didn't know Lord Patten when I joined as chairman of S4C, neither did I know Rona Fairhead when she joined

as chairman of the BBC Trust, but within a fairly short time we had established personal relationships. So, I think the truth of the matter is, where you have people of goodwill whose organisations actually want to deliver something, then the people involved can develop personal relationships, even from a standing start, as it were. So, it's not all about people who know each other already.

[103] The question of what influence one would accord to the conclusions of this committee—no editorial influence.

[104] **Suzy Davies:** Of course not.

[105] **Mr H. Jones:** There's a clear line in the sand there, except insofar as it's the authority's job to listen to the public and to ensure that it has a good understanding of what viewers want from the people of Wales, and insofar as committees of the Assembly can have a job in identifying those views or whatever, then those are legitimate contributions to a wider debate. But I think, specifically where I think the Assembly and its committees have a role is in contributing to the review of S4C to making sure its views are defined and presented in a way that would be appropriate. It's entirely appropriate that the reviewer of S4C, acting on behalf of the UK Government, which is the current holder of accountability, takes those views into account in arriving at the general conclusions.

[106] **Suzy Davies:** Very helpful. Thank you.

[107] **Bethan Jenkins:** Cyn imi ofyn i Dawn ddod yn ôl i mewn, a allaf i jest gofyn ynglŷn ag un cwestiwn? Fe wnaethoch chi sôn am Tony Hall yn eich ymateb i Suzy Davies. Tybed a oes gennych chi farn, os oes yna fwy o arian—. Wel, mae Tony Hall wedi dweud y bydd yna fwy o arian yn dod o ran cynnwys. A ydych chi'n meddwl y bydd S4C yn cael canran o'r arian hwnnw o ran ehangu ar sut yr ydych chi yn gweithio o ran portreadu Cymru i'r byd? Hynny yw, mae gennym y consŷrn hwnnw nad yw rhaglenni drwy gyfrwng y Saesneg yn **Bethan Jenkins:** Before I invite Dawn to come back in, can I just ask about one question? You mentioned Tony Hall in your response to Suzy Davies. I wonder whether you have a view, if there is more money—. Well, Tony Hall has said that there will be more funding available in terms of content. Do you believe that S4C will receive a percentage of that increase in order to enhance your work in portraying Wales to the world? We have that concern, of course, that English-medium programming is insufficient or inadequate, but do you think that

ddigonol, ond a ydych yn meddwl wedyn y bydd y datganiad hwnnw yn eich cynnwys chi mewn rhyw fodd, neu na fyddai'n briodol?

[108] **Mr H. Jones:** Mae'r arian sydd yn dod i S4C yn uniongyrchol o'r BBC wedi cael ei ddiffinio am y pum mlynedd nesaf. Nid ydym ni'n rhagweld bod hynny yn mynd i newid. Beth sydd ddim wedi cael ei ddiffinio ydy y cytundeb, os liciwch chi, y 10 awr o raglenni sy'n dod bob wythnos gan BBC Cymru i S4C. Mae yna gytundeb manwl mewn bodolaeth sydd yn diffinio beth ydy gwerth y rhaglenni hynny yn ariannol a beth yw'r *mix* o raglenni sydd yn cael ei ddarparu. Mae'r cytundeb yna yn dod i ben hefyd ym mis Mawrth y flwyddyn nesaf, felly mae angen ailnegodi'r cytundeb hwnnw. Byddem ni yn gobeithio, yn naturiol, yn ariannol, mai'r un egwyddor sy'n bodoli mewn perthynas â'r rhaglenni yna, y mae Tony Hall wedi ei mynegi eisoes, sef bod y cenhedloedd yn cael eu blaenoriaethu yn narpariaethau cyffredinol y BBC. Felly, mi fyddwn ni yn naturiol eisiau sicrhau bod y cyfraniad pwysig iawn gan BBC Cymru i wasanaeth S4C yn cael ei gynnal a'i gyfoethogi, os yw'n bosib.

[109] **Mr I. Jones:** Byddwn i'n cefnogi hefyd, yn gyfan gwbl, mwy o raglenni, mwy o arian, i raglenni Saesneg yng Nghymru. Mae'n gwneud sens o ran y gynulleidfa, mae'n gwneud sens o ran creu impact—buaswn i'n cefnogi hynny yn

that statement will include you in some way, or will it not apply to you in any way?

**Mr H. Jones:** The funding that comes to S4C directly from the BBC has been defined for the next five years. We don't see that that's going to change. What hasn't been defined is the 10-hour agreement, if you'd like to call it that, which comes from BBC Wales to S4C. There is a detailed agreement in place that defines the value of those programmes financially and what the mix of programmes provided should be. That also comes to an end in March of next year, so that agreement needs to be renegotiated. We would hope, naturally, that, financially, the same principle that applies in relation to those programmes would be what has already been suggested by Tony Hall, in that the nations are given priority in the BBC's provision. Naturally, we would like to ensure that there is an important contribution from BBC to S4C and we'd like to see that sustained and enriched, if possible.

**Mr I. Jones:** I would entirely support more funding for English-medium programming in Wales too. It makes sense in terms of the audience, it makes sense in terms of having an impact, and I would support that entirely. But that isn't a matter for

llwyr. Ond nid yw hynny'n fater i S4C, S4C, that's an internal issue for the mae'n fater mewnol i'r BBC—rhwng BBC—between London and Cardiff—Llundain a Chaerdydd—ynghlŷn â faint as to how much budget or funding o gyllideb mae Llundain yn ei roi i London provides to Cardiff. Gaerdydd.

[110] **Bethan Jenkins:** Diolch. Dawn.

[111] **Dawn Bowden:** Thank you. Obviously, any organisation's survival depends on its performance and what it does going forward. Looking at your annual report and the evidence that you gave, some really interesting figures have come out of that—really interesting, actually, is the growth in people accessing S4C outside of Wales, mainly on digital platforms. And the converse side of that is that there's a slight decrease in the number of people in Wales watching S4C. So, I'm looking at that on the basis of how that will inform the way that your programming is scheduled going forward—what sort of things you're going to be looking at. Presumably, you're going to be looking at expanding and growing the digital platforms because that seems to be where you're getting the biggest increase, the biggest hits. So, some information from you primarily around that—.

[112] Then I wanted to ask—which I can come back to—specifically, how you feel S4C might contribute to the Welsh Government's aim of 1 million Welsh speakers by 2050, and how you would appeal to somebody like me—a monoglot English speaker who's tried dismally, and failed, to learn to speak Welsh over the last 30 years—you know, how S4C can draw people like me in and contribute to that objective of 1 million Welsh speakers?

[113] **Bethan Jenkins:** If I could have short replies because we have other AMs who want to come in.

[114] **Mr I. Jones:** For you personally, Dawn, we'd probably broadcast more of Bristol City Football Club playing football on S4C. [*Laughter.*] I think, to try and summarise this, there are three key issues. There's the fact that technology is developing dramatically, there's the fact that there's far more migration to look for jobs now, and there's the linguistic issue that Welsh speakers are not staying in their heartlands anymore—they're migrating. So, those are the three issues that frame it. But the key thing is our remit, I think. If you look at our remit, it's not fit for purpose for that environment and we have to look, as a part of the review, to make sure that that remit is changed to reflect today and tomorrow. It's archaic. The remit currently says,

[115] '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.'

[116] That's an anathema. We need to broadcast to Welsh speakers, learners, wherever they are—not just wholly or mainly in Wales.

[117] **Dawn Bowden:** Sorry, Ian, for interrupting you. Are you getting information about people outside of the UK accessing this as well?

[118] **Mr I. Jones:** We get so many responses from the Royal Welsh being broadcast online all over the world, whether it's from Japan, whether it's from Scotland or whatever. So, the demand is there. The only restriction placed on us for broadcasting outside of Wales are the programme rights. If we don't have the rights to broadcast outside of Wales, we can't broadcast.

[119] So, going back to the core question, we need to change the remit to reflect today. In terms of our strategy, I'd go back to what I said earlier: what attracts people, whether it's in Wales or whether it's outside of Wales, to watch S4C is drama, sport and light entertainment, and I'm going to add one other thing, which is events such as the Royal Welsh Show. They attract a huge following, not just within Wales but outside Wales.

[120] **Bethan Jenkins:** A sylwad clou ynglŷn â'r 1 miliwn o siaradwyr. **Bethan Jenkins:** Just a brief comment on the 1 million Welsh speakers.

[121] **Mr H. Jones:** Byddwn i'n dweud ei bod hi'n anodd dychmygu cynnydd mawr mewn siaradwyr Cymraeg os nad oes gennych chi wasanaethau cyfryngol cryf, a dyna, wrth gwrs, yr hyn yr ydym ni'n bwriadu parhau i'w ddarparu. Ond, yn benodol, byddwn i'n dweud ein bod ni'n gynyddol edrych ar sut y mae ein rhaglenni ni yn cael yr impact mwyaf posibl, p'un ai ydy hynny'n impact addysgiadol neu'n ddiwylliannol, ac yn cael eu creu mewn ffordd sydd yn galluogi iddyn nhw gael eu defnyddio drosodd **Mr H. Jones:** I would say that it's difficult to imagine a large increase in Welsh speakers unless you have strong media output and services, and that, of course, is what we intend to continue to provide. But, specifically, I would say that we are increasingly looking at how our programming has the greatest possible impact, be that educational or cultural impact, so that we create these programmes in a way that allows them to be used time and time again. When we do identify

a throsodd. Rwy'n meddwl, pan rydym ni'n gweld cyfleoedd i gyfrannu at y broses o ledaenu'r iaith, y byddwn ni'n gwneud hynny mewn ffordd fwy ymwybodol, efallai, nag yn y gorffennol, ond heb wanhau ein cenhadaeth sylfaenol ni o ddarparu gwasanaeth teledu—gwasanaeth cyfryngol—poblogaidd.

[122] **Bethan Jenkins:** Jeremy a wedyn Neil.

[123] **Jeremy Miles:** Cwestiwn byr. Rydych chi wedi sôn am y cynnwys y mae'r BBC yn ei ddarparu i chi o dan y berthynas sydd gennych chi â'r BBC. Yn y cyd-destun hwnnw, ac yng nghyd-destun S4C fel comisiynydd rhaglenni, a ydy cynlluniau'r BBC i greu BBC Studios yn mynd i gael unrhyw effaith ar y trefniadau hynny neu ar S4C yn gyffredinol?

[124] **Mr I. Jones:** Yr ateb gonest yw, 'Nid wyf yn gwybod'. Rwyf wedi dechrau cael sgwrs â Rhodri am hyn. Mae'r BBC yn statudol—maen nhw i fod i ddarparu 10 awr yr wythnos i ni. Maen nhw'n darparu'r 10 awr yna a byddwn i'n disgwyl y byddant yn parhau i ddarparu'r 10 awr yna. Y gyllideb bresennol yw o gwmpas £19.4 miliwn i £19.6 miliwn, sydd yn ostyngiad dros y blynyddoedd o ryw £26 miliwn. So, rŷm ni'n disgwyl, ta beth yw'r berthynas â BBC Studios, eu bod nhw'n dal i warantu hynny—yr arian a'r oriau.

opportunities to contribute to the process of expanding the use of the language, we will do that in a more aware way than we have in the past, perhaps, without in any way weakening our fundamental mission of providing a popular television and media service.

**Bethan Jenkins:** Jeremy then Neil.

**Jeremy Miles:** A quick question. You mentioned the content that the BBC provides to you under the relationship you have with them. In that context, and in the context of S4C as a programme commissioner, are the BBC's plans to create BBC Studios going to have any effect on those arrangements or on S4C in general?

**Mr I. Jones:** The honest answer is, 'I don't know'. I've started a conversation with Rhodri on this. The BBC have to provide 10 hours to us on a statutory basis. They make that provision to us now and we would expect them to continue to do that. In terms of the current budget, it is in the region of £19.4 million to £19.6 million, which is a reduction over the years of some £26 million. So, we would expect, whatever the relationship with BBC Studios, that they would still guarantee the funding and the hours.

[125] **Bethan Jenkins:** Diolch. Neil **Bethan Jenkins:** Thank you. Neil Hamilton.

[126] **Neil Hamilton:** I'd just like to follow up on Dawn's point, particularly. Support for Welsh language broadcasting is universally accepted as a cultural and national imperative. In terms of the Government's aspiration to have 1 million Welsh speakers by 2050, I was wondering to what extent you could expand children's programme broadcasting. It's interesting to see that as far as the iPlayer is concerned, the viewing sessions increased by 200 per cent overall last year for S4C—73 per cent of which was accessing children's programmes. Clearly, it's vitally important if we're to get anywhere near this 1 million target that children are brought up in a Welsh language environment. There's enough of an English language environment in which children are bound to find themselves in front of their computers and using the internet anyway, so the extent to which you can penetrate that and attract them to listen and read in Welsh is obviously going to be vitally important.

[127] **Mr H. Jones:** I think, clearly, we take great pride in our children's service, and we understand its crucial importance in helping parents to ensure that their children, whom the parents want to learn Welsh, have a very good start. I think, though, that we shouldn't look at the 1 million speakers as a box-ticking exercise, because, ultimately, it has to be people who use the language as well; therefore, there has to be an equal ambition to see our programming reaching older children, young people and the population in general. So, I think it's just a part of the overall challenge of drawing up priorities. We've recognised—yes—we're actually trying to do an awful lot of different things and trying to get the balance right. But, thank you for the comment on Cyw. Yes, it is important, and we will certainly look after it.

[128] **Bethan Jenkins:** A oes gan **Bethan Jenkins:** Any further questions unrhyw un gwestiynau pellach, neu a or is everyone content? Okay, thank ydy pawb yn hapus â hynny? Diolch you very much for your attendance yn fawr iawn ichi am ddod. Rwy'n this morning. I'm sure that Members siŵr bod Aelodau wedi ffeindio will have found it most interesting. hynny'n ddiddorol iawn. Er nid ni Although we don't hold the powers in sydd â'r pwerau, rwy'n gobeithio y this area, I do hope that you will take byddwch chi'n cymryd diddordeb yn an interest in our activity as a yr hyn yr ydym ni'n ei wneud fel committee and as an Assembly. We pwyllgor ac fel Cynulliad, a byddwn hope to welcome you back in the yn eich croesawu chi'n ôl yn y future. So, thank you very much for

dyfodol, mae'n siŵr. Ond, diolch yn fawr iawn am heddiw. this morning.

[129] **Mr I. Jones:** Diolch.

**Mr I. Jones:** Thank you.

[130] **Bethan Jenkins:** Rŷm ni'n mynd i fynd yn breifat am gwpwl o funudau nawr. Diolch. **Bethan Jenkins:** We will now go private just for a few minutes. Thank you.

*Gohiriwyd y cyfarfod rhwng 10:00 a 10:06.  
The meeting adjourned between 10:00 and 10:06.*

**ITV Cymru: Craffu Cyffredinol  
ITV Wales: General Scrutiny**

[131] **Bethan Jenkins:** Thanks. I'd just like to welcome Huw Rossiter and Phil Henfrey from ITV Wales. We recently visited you in your new offices in Cardiff Bay. Thank you for having us and for showing us around. If you don't mind, we're going to go straight into questions so that we can use our hour usefully. I'm sure Members are all very keen to use this opportunity, as the new communications committee, to look at the broad spectrum of what Wales offers in relation to the media in Wales, and hopefully then we can have an ongoing relationship with you as a committee. I know that Lee Waters is keen to start off the questioning with you. I'm sure you will have an easy time from Lee. [*Laughter.*]

[132] **Mr Henfrey:** It's a pleasure to be here; it really is.

[133] **Lee Waters:** And thank you for coming. Obviously, there's a wide range of ground we'd like to cover, but I'd just like to start off by going back to evidence you gave in 2011 when the Assembly held a task and finish group. You said that certainty around the new licence would enable ITV to take creative risks that make investment to support public service broadcasting delivery. I'd just like to reflect on the period since then and the way that you've had security, but also there's been a cut in the number of hours that you've produced. Can you tell us a little bit about how that worked out and what evidence there has been of the risk taking in investment that you anticipated?

[134] **Mr Henfrey:** Yes, I'd be very happy to, and I remember giving that evidence at the time. ITV Wales is, I would say, something of a success story.

Seven years ago, which is around the kind of period we're talking about, ITV Wales had almost been sort of written off, really, in terms of what it could provide and what it would provide. Now, we do have the security of the licence—the security of the licence that takes us forward into 2024—and we are more than fulfilling the requirements within that licence for audiences in Wales.

[135] In terms of the security, what has it delivered? Well, it's delivered, for example, that all of our programmes that are beyond our licence commitment are now being delivered in high definition, for example. In terms of the programmes that we do supply, yes, we have a requirement to supply the programmes we do, but, as the person in charge of ITV Cymru Wales, I want those programmes to be the very best programmes that they can be. So, I want those programmes to attract and grow audiences. I want those programmes to be, as I said in 2011, creatively successful as well. I think we've got real evidence to show that.

[136] Our news service, which is one of our main programmes, is a programme that is growing in terms of its audience share and is a stronger programme than it was in 2011. So, our programmes are in really good shape and it's not just the news, but also across all of our programmes. We have, outside of our licence, a very successful and healthy commercial relationship with S4C. We make programmes in the Welsh language. We're very proud of those programmes. We want to make more programmes and the stability that the licence has given us has enabled us to grow our productions with S4C.

[137] We've invested in a new broadcast centre just down the road in Cardiff Bay and that has re-energised the team. We've built a sort of centre of excellence now, I would argue, built around our fantastically talented and committed team, which is doing a terrific job because of the stability in which they're operating. And we've turned too to mass, not mass, but large-scale production in Wales through our acquisition of Boom Cymru and the Twofour Group of production companies. Being that centre of excellence in Wales, and the security and stability that the licence has given us, I see that as a real launch pad, potentially, for network productions.

[138] This year, we've launched our new network production label, Shiver Cymru, which is a partnership between ITV Cymru Wales and Shiver, which is the factual arm of ITV Studios. This year, we've secured our first network commission. So, yes, in 2011 I was looking forward and I was projecting what

I thought the licence would bring in terms of security, and I think it has not only delivered on our licence commitments, the programmes we make, and those are really important things in the life of Wales in terms of helping to keep people informed, in terms of providing effective competition to the BBC's news services in Wales, but, on top of that licence commitment, I think we can show and have shown a number of things that we bring that enhance the activity of ITV in Wales and is to the benefit of society in Wales, from an economic, political and cultural point of view.

[139] **Lee Waters:** I think it is clear that the stability and the increased revenues have put a spring in ITV's step. The commitment you gave, though, was around investment and, as a commercial company, you're inevitably quite cagey about the information that you publish about the levels of investment. You've provided us with a factsheet, which is pacy, but not overly full on detail. It's taken some detective work in the past to try to figure out exactly how much you spend on programmes in Wales. In a previous role, I was a member of the Institute of Welsh Affairs's media policy group, and they did some detective work looking at the figures that Ofcom publish, because you don't publish the amount of spend on English language programmes, but Ofcom publishes it in the round, and it's therefore possible to deduce how much you do spend. The IWA have estimated that you spend around £7 million a year. So, is that accurate and how does that compare to what you were spending in previous years?

[140] **Mr Henfrey:** I think there are two parts to the answer. I would say that, yes, that figure is broadly where we're at and, for commercial reasons, no, we don't disclose the actual amounts we spend. But, I think what I would also say around that, too, is to ask this: ultimately, with the programmes that we're making, are we fulfilling our licence commitments? Is the spend that we're spending delivering for Wales and delivering for audiences? If we were underspending, then our programmes would not be successful. If we were underspending, then our channel in Wales would not be successful. But, the evidence shows that our programmes are growing in popularity and that we are creatively challenging.

[141] Let me give you an example of that. You might have seen yourselves *Adrian's Election Bites*. That's a mixture of a cookery format and political interviewing. Now, that's quite a bold thing to do. That might not have worked. It did work. I thought it was a fantastic show, and that's an example, I think, of that creative risk-taking. In terms of the spend and the investment, the real question is: is it delivering? The ITV Cymru Wales

schedule as a whole is one of the more popular parts of ITV. Programmes that ITV makes and transmits to Welsh audiences are better received in Wales than they are in other parts of the UK. So, yes, we're a commercial company and we've got to get that balance right between the amount that we spend on the programmes and making sure that they deliver creatively and commercially for us, but all the evidence in terms of viewing figures, in terms of audience appreciation, has shown that we are getting that balance right. So, it's not simply about the amount that you're spending.

[142] Another element to this as well is around technology, which can make a big difference. I think when we showed you around—. Ten or 15 years ago, it took, in a sense, more man hours and more technology to deliver high-quality television. Because we have invested in new technologies—. Let me give you an example: in the past, to go live, you had to drive a big truck, park it outside, put a satellite up, pay for very expensive satellite time, and so on, and so forth. Now, there's a piece of equipment that is no bigger than that square there that can deliver the same live transmission. It can be carried in a backpack, or delivered via a taxi. That has reduced costs, but for the viewer, they are getting exactly the same level of service.

[143] **Lee Waters:** I get that point.

10:15

[144] **Mr Henfrey continues:** There isn't a direct translation necessarily between our spending, cost efficiencies and the quality of the output.

[145] **Lee Waters:** I take that point. But it is hard for us to judge, isn't it, that success when you don't publish figures on spend and you don't publish audience figures as well. So, back to my initial question, which you didn't quite answer—

[146] **Mr Henfrey:** I think we do publish audience figures.

[147] **Lee Waters:** Can I just—? You didn't quite answer my earlier question on the £7 million, which you acknowledged was broadly accurate. How does that compare to spend in previous years?

[148] **Mr Henfrey:** I would say that our funding has been broadly flat for all the periods in my tenure. The big step change was in 2008–09. That's when the real issues that had evolved around the licence—. You know, the best

way to think about the licence that we hold is that making programmes for audiences in Wales is something that is always going to require some form of public intervention. Now, for the BBC, that intervention is the licence fee. For S4C, it's the funding that comes from the BBC and the Department for Culture, Media and Sport. For ITV, it's the licence, and the best way to think about the licence is that it's like a set of scales. So, yes, there is the commercial value of holding that licence to ITV, but the costs of the licence are the programmes that we make. Ofcom spent a lot of time looking at this in 2008, and it looked to see how can we increase the value of that licence—are there ways to increase the value of that licence? Then, within that licence, what's a reasonable return for a commercial company for the value it gets for the programmes that they then have to make?

[149] There was a big step change in 2008, and the reason for that step change is that, when you held a licence in the 1970s and 1980s, that gave you a monopoly over television advertising. Now, we can't turn off the internet, and we can't close down all the television channels that are now available in Wales to audiences in Wales. We can't do that. So, the value of the licence has shrunk as a result of that competition, and that competition has been as a result of public policy to actually increase competition. So, there was a rebalancing of that licence, and that happened in 2008, and when people say 'programmes were cut', that's where the point in time was. That's 2008. An awful lot has happened since then. Somebody's invented the iPhone, somebody's invented the iPad, and developments continue to go on, but the amount of programmes that we make has been consistent since 2009, at 90 minutes of programmes per week, and four hours of news. We have consistently met that and more than delivered on that. That's the point I'm making. Not only are we doing the minimum; we're doing more than the minimum, and that has remained constant since 2009. The funding for those programmes has remained constant since 2009, and, actually, as a result of a fantastically talented team based in Cardiff, which we've built, those programmes, I would argue, are in better shape now than they were in 2008–09. So, the correlation between direct funding—. At the end of the day, we do publish audience figures, we contributed to the Institute of Welsh Affairs's media audit last year, and we laid three years of figures that show that, actually, the resilience of television is the built bulletin and the programmes that we make. There's a great resilience there and there's a great value to audiences as well.

[150] **Lee Waters:** I'd certainly agree that your election coverage has improved immeasurably in the last 10 years.

[151] **Mr Henfrey:** Thank you.

[152] **Lee Waters:** But, just in terms of the figures, because obviously we need something to be able to judge by, that £7 million, that's the spend by ITV Wales, not spend by ITV plc overall. Is that right?

[153] **Mr Henfrey:** We are a part of ITV plc. We are a—

[154] **Lee Waters:** Okay, so that's a global figure, it's not your budget.

[155] **Mr Henfrey:** Well, the £7 million—. I think we spend close to—. ITV as a plc, because we have licence commitments in all parts of the UK, including the network public service commitments we have as well in terms of national news—we spend around £100 million in total on those. The £7 million that you're quoting, and I'm saying that's a broadly ballpark figure, is our part of that £100 million.

[156] **Lee Waters:** The part that ITV Wales has a budget for.

[157] **Mr Henfrey:** Say again?

[158] **Lee Waters:** The part that ITV Wales has a budget for.

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

[160] **Lee Waters:** Okay. If I may, Chair, just ask a little bit more, because the figures that Ofcom publish in terms of ITV spend on first-run UK programmes in the nations and regions show a fall. So, you mentioned 1998 was the high-water mark, if you like, in recent times—

[161] **Mr Henfrey:** 2008.

[162] **Lee Waters:** Okay, 2008. Absolutely. Okay. So, in 1998, channel 3 was spending £223 million. In 2008, that dropped to £142 million. In 2014, that dropped to £71 million, and the fall in Wales was much sharper than falls in other parts of the UK. So, across the UK there was a decline of around 23 per cent, but in Wales there was a decline by 30 per cent. So, the Welsh spend is suffering disproportionately compared to ITV spend across the UK.

[163] **Mr Henfrey:** I think it's probably again about trying to understand what

the reasons are that might sit behind that. We moved from our ancestral home in Culverhouse Cross during this period. The way I tell that story is that we are making no fewer programmes than were at Culverhouse Cross, we are employing no fewer people than we were at Culverhouse Cross, but, instead of occupying 175,000 sq ft of space, we're now occupying 11,000 sq ft of space. That's an efficiency. That has not affected programmes, that has not affected the quality of the programmes, but that has brought down the costs to ITV. We are a commercial company; it's part of our remit, almost, to—you know, we have to earn every penny that we spend, so we need to spend it wisely, and that is what we are looking to do. So, the correlation between 'you are spending less, therefore—', actually, I would challenge that. Yes, we might be spending less but, actually, the quality of our programmes, I would argue, has only gone up; our audiences are growing, and we're taking greater creative risks, and we are making lots of investment outside of our basic core PSB commitments that we're talking about here.

[164] **Lee Waters:** So, your programme budgets haven't suffered then, have they?

[165] **Mr Henfrey:** It's more about what you can do with those programme budgets, in the era of new technology.

[166] **Lee Waters:** I accept that, but, technology aside, the programme budgets haven't gone down. You're saying it's about costs from moving buildings, it's about smarter use of technology, but the amount of money that programme-makers have to spend on making good programmes, you're saying that hasn't gone down, despite the figures showing there's been a much bigger fall in Welsh spending than in regional spending across the rest of ITV.

[167] **Mr Henfrey:** In the budgets that I control, they have remained, I would argue, broadly flat in the tenure that I have been doing this role, and I've been doing this role since 2008.

[168] **Lee Waters:** Okay, and, just finally, how do you anticipate that in the remainder of the licence period?

[169] **Mr Henfrey:** I think, again, the thing to look at here is when we look at our licence commitment—and I completely understand the desire to want us to do more, but what we are looking at here is providing news and programmes in Wales into 2024. And for anybody in broadcasting to be able

to actually predict what the environment is going to be like in 2024—that would be a very brave person. So, that’s quite a substantial commitment, and I think what we have shown so far in our licence and in the period that we’re talking about since 2009 is that we are committed to making the very best programmes that we possibly can. And I think that our track record shows that we are delivering on that, so, when I look forward, we’re very proud of the programmes that we make. They perform a really important role within our schedule, we want them to be the very best that they can be, and part of my job is to make the case for Wales within the wider ITV. I think we have successfully done that. I think Wales has lots to shout about from an ITV perspective and we’ll continue to make that fight in the future. So, as I did in 2011, I sit here in 2016, and within the broad sort of remits—there’s lots of buffeting from technology and other forces surrounding us, but I remain optimistic about the quality of service that we’re going to be able to provide in the years to come.

[170] **Lee Waters:** But, in 2011, you anticipated you would have more money to spend because of the stability, and now you’re telling us you’re anticipating at best flat.

[171] **Mr Henfrey:** Again, I wouldn’t get too hung up on the actual numbers. It’s what can you do with what you’re doing. Five years ago, we were, in a sense, fighting for our lives. Now, we have the stability around us and now we’re launching a production label. My budget hasn’t gone up to create a production label, but we are working very well now within ITV—we have developed a centre of excellence within ITV Cymru Wales, and I think that is a launch pad potentially for network productions. But nothing fundamentally has changed around that—the flatness doesn’t necessarily hold you back.

[172] **Lee Waters:** Okay. Thank you.

[173] **Bethan Jenkins:** Okay. I’ll just bring other Members in now, but thank you for those questions. Suzy Davies, and then Dai Lloyd.

[174] **Suzy Davies:** Thank you very much. Back in 2009, the output in Wales dropped significantly as a result of the condition that ITV was in at the time, and nervousness about whether it would be able to do PSB work at all. Your argument at the moment is that competition makes the analogue less valuable than it was. You’ve also explained to us that you’re doing better for less, using technology to be more efficient and giving you more space to be more creative, and you’ve said that, on the back of that, audience figures

have gone up. That suggests to me that your PSB work is actually quite valuable, and an area that could be explored for further expansion in terms of hours. Now, I appreciate that your licence says you don't have to go beyond a certain amount, but, if this stuff that you're doing now is so good, surely there's an argument for saying you should be doing more of it. Are you a victim of your own success?

[175] **Mr Henfrey:** Well, we are—

[176] **Suzy Davies:** Are you a victim of your own success?

[177] **Mr Henfrey:** No, no, no. Look, I do understand it; I'm just trying to think how do you kind of navigate through all of that. So, I think that, in 2009, actually it was less about ITV's commercial sort of state, as it were; it was about the value of the licence—this mechanism that enables these programmes. That was the key thing. That's what Ofcom was looking at. In this world that has changed fundamentally, where the licence used to deliver a monopoly and now doesn't, what is that licence worth? Ofcom looked at that and it came up with the figures that it came up with in terms of stability. Now, the point around all of this is that, yes, ITV's commercially successful, but ITV's commercially successful because it's grown as a business. It is now more than a PSB broadcaster. Nearly 50 per cent of our revenues come from outside of the PSB licence. So, that's a kind of direct translation between ITV's current commercial success and the value of the licence. The value of the licence has not gone up in this period. Effectively, what the licence gives us is prominence on the electronic programming guide and access to the digital spectrum. Now, there is a commercial value in that, yes, but is that expected to rise over the coming years? No. It's actually probably expected to go the other way, if that kind of makes sense. Then you turn to the broader point that the fact is, yes, I would accept what you're saying if we were just doing the minimum, but we are, in fact, doing much more than the minimum.

[178] **Suzy Davies:** Can you quantify that for us?

[179] **Mr Henfrey:** So, let's—. Say, for example, the service to mobile phones—digital news—that's not a part of our licence. That is a cost to us to do that, and we provide it, because, at the moment, everything in that sense is successful. Going high-definition: HD is not a part of our licence. The licence is a standard definition licence. So, the investment that we've put in there, that's enhanced the service to viewers, and that's—

[180] **Suzy Davies:** Sorry. I don't want to cut across, but you've already mentioned that to us and I accept what you're saying.

[181] **Mr Henfrey:** I was just going to mention those. People mentioned our election coverage. The overnight election programme, which I think, you know—. Absolutely, if you were asking yourself the question in terms of the public role of ITV Wales in terms of providing plurality and competition to the BBC, now there's a programme that absolutely did that. It provided an alternative to the services provided by the BBC. It brought to the screens for the first time a poll that quite actually, thankfully, predicted what the result was going to be, and the audience really responded to that. I thought we brought something different to that evening. All of that programming, which is not cheap programming by any means, is all on top of our licence. We will not claim any of that back against our licence. So, in many ways, what I'm trying to get across is, yes, we are successful and we are making a success of our licence, and as a result of that we are delivering over and above our licence currently, but there is a limit to what the licence can actually sustain. There is, unfortunately, a finite limit, because the reality is to make any programming specifically for audiences in Wales is going to require some form of public intervention. The more we make, in a sense, the less money we will make, and we are a commercial business.

[182] **Mr Rossiter:** Can I come in on that? I think it's worth reiterating the point that, as a commercial broadcaster, it's absolutely critical to understand that ITV plc has a responsibility to its shareholders. We're commercial.

[183] **Suzy Davies:** Aren't they impressed by the work you're doing?

[184] **Mr Rossiter:** I think they're very impressed by the work we're doing. We're very, very proud of the work that we're doing. As Phil was saying, we have been delivering over and above the licence obligation. But it comes back to the point that we are a commercial entity. We're not like the BBC. We don't benefit from nearly £4 billion of public money. We have a responsibility to shareholders and to investors as a public limited company to ensure that we fulfil our obligations to them in addition to the public service arm of our activity, which is a key part of ITV's DNA, if you like. Our connection with the audiences in Wales and the regional remit that ITV has is a very, very important part of our profile and our heritage. Those things are very, very valuable to ITV, but at the same time that has to be balanced with the commercial realities of operating as a PSB in a fast-moving technological

environment where one day from the next is very, very different.

10:30

[185] **Mr Henfrey:** Just to add to that, there would be nobody happier than me if somebody did find a way to increase the value of the licence. Because, yes, as you're quite rightly alluding to, that would enable us to make even more programming for audiences in Wales. Now, the mechanism for the BBC is fairly straightforward: you can put up the licence fee. For S4C it's relatively straightforward: you can increase the levels of funding. For ITV, the question is, if people want more—and I completely understand why people would want more—then how do you increase the value of that licence to whoever holds it? That's not necessarily ITV—to whoever holds it. That's the key question. Ofcom looked at that, in 2008–09. It didn't find any answers, but if there are answers out there, and if the committee has ideas about how that might happen, then that would be terrific. But that's the key question. The key question is: how do you increase the value of the licence in the environment in which that licence now operates?

[186] **Suzy Davies:** I could go on, but I'm aware that others might want to ask questions.

[187] **Bethan Jenkins:** Do you want to—

[188] **Suzy Davies:** Well, can I just do that last one, then? To take you away from the licence for a moment, you prove to ITV plc that the work that you do that happens to be PSB work is excellent and is drawing in audiences. To go back to Lee's question about why ITV is giving you such a flat budget, if you like, for several years, my question, I suppose, is why ITV plc hasn't taken more notice of the great stuff you're doing and said, 'Right, we'll invest more in you', outside your licence fee.

[189] **Mr Henfrey:** Well, again, I'd probably say that there are things that—. Take, for example, the 6 Nations deal. That's a really good deal for audiences in Wales, as it is for audiences right around the UK. That's an example of plc investment—the investment to get back into large-scale productions in Wales through the purchase of Twofour group. That's a large-scale investment, many millions of pounds. So, I think there are numbers of investment decisions.

[190] We shouldn't overlook things like going HD. There are large parts of

the UK under regional licences elsewhere that are not transmitting in HD. Wales is, and that again is an example of the plc looking at the importance of Wales, and recognising the value of the Wales licence. But the fact is that ITV Wales is one of many licences that are held by ITV. There are lots of competing pressures within that, and within that, the Wales licence is not out of step with those of the other nations of the UK, and is far in excess of the licence requirements in the English regions. So, from an ITV perspective, Wales does get a very good deal.

[191] **Suzy Davies:** It's a bargain. Thank you. Diolch.

[192] **Bethan Jenkins:** I want to bring in Dai Lloyd here.

[193] Diolch yn fawr. Mae Dai Lloyd wedi bod yn aros yn amyneddgar. Diolch, Dai. Thank you very much. Dai Lloyd has been waiting patiently. Thank you, Dai.

[194] **Dai Lloyd:** Diolch, Gadeirydd. 'Amineddgar' ydy fy enw canol. Diolch yn fawr. Roeddwn i am fynd lawr trywydd gwahanol yn nhermau eich rhaglenni. Wrth gwrs, mae yna bryder wedi cael ei fynegi dros y misoedd diwethaf, yn enwedig ers y refferendwm Brexit, bod nifer helaeth o'n trigolion ni yma yng Nghymru ddim yn llawn sylweddoli beth sy'n mynd ymlaen yng Nghymru—nid jest yn y Cynulliad, ond yn benodol, pa weithgaredd sy'n mynd ymlaen yn fan hyn, achos maen nhw'n tueddu i gael eu newyddion o Lundain, yn sylfaenol. Nawr, rwy'n sylwi eich bod chi'n datblygu eich rhaglenni ac, yn naturiol, pan rydych chi'n eu gwyllo nhw, mae yna gryn bwyslais ar beth sy'n digwydd yng Nghymru. Ond a ydych chi'n gweld rôl ehangach, felly, gan fod pobl wedi'r nodi'r gagendor yma mewn gwybodaeth am Gymru gan drwch o boblogaeth Cymru? A **Dai Lloyd:** Thank you, Chair. 'Patience' is my middle name, of course. Thank you very much. I did want to go down a different route in terms of your programming. Of course, concern has been expressed over the past few months, particularly since the Brexit referendum, that many of our residents here in Wales don't fully understand what's going on here in Wales, not only in the Assembly, but specifically what's going on more generally, because they tend to get their news from London, if truth be told. Now, I see that you are developing your programming and, naturally, when you watch those programmes, there is some emphasis on what happens in Wales. But do you see a wider role, because people have identified a gap in knowledge about Wales by a majority of the population? What do you see as your

ydych chi'n gweld unrhyw rôl gyda chi fel darlledwr i ehangu'ch portreadau o fywyd yng Nghymru?

role? Do you see that you have any role as a broadcaster to enhance the picture you paint of life in Wales?

[195] **Mr Rossiter:** A ydych chi'n meddwl y tu allan i Gymru, ar y rhwydwaith—?

**Mr Rossiter:** Do you mean outside Wales, on the network—?

[196] **Dai Lloyd:** Y ddau.

**Dai Lloyd:** Yes, both.

[197] **Mr Rossiter:** Wel, rydym ni'n cyfrannu, fel y mae Phil wedi'i argymhell nawr, yn gryf iawn i blwraliaeth darlledu yng Nghymru. Mae ein rhaglenni newyddion ni a'n rhaglenni materion cyfoes, a'r rhaglenni rŷm ni'n eu cynnal ar gyfer S4C, i gyd yn adlewyrchu bywyd yng Nghymru i'r gynulleidfa. Mae'r gynulleidfa yn mynd lan ar yr ochr newyddion. Felly, mae hynny'n dangos i ni bod yna fwy o bobl yn gwyllo ac yn deall ac yn clywed am newyddion yng Nghymru. Felly, byddwn i'n dadlau bod ein cyfraniad ni i'r ecoleg PSB yng Nghymru yn gyfoethog ac yn cyflawni i elfennau o'r gynulleidfa efallai nad yw'r darlledwyr eraill ddim yn eu cyrraedd. Felly, ar ein hochr ni, mae hynny'n bwysig iawn i ni. Rŷm ni'n meddwl ein bod yn cyflawni ar yr ochr honno.

**Mr Rossiter:** Well, we do contribute, as Phil has said, to the provision of broadcasting in Wales. Our current affairs programmes and our news programmes and those we provide for S4C all reflect Welsh life to the audience. The audience is increasing with regard to news, so that shows us that more people are watching and hearing news in Wales and about Wales. So, I would argue that our contribution to the PSB ecology in Wales is a rich one and does provide services for parts of the audience that other broadcasters are not reaching. So, from our perspective, that's very important. We think we are achieving in that respect.

[198] O ran y portread o Gymru ar y rhwydwaith ledled Prydain, rŷm ni'n ymwybodol iawn efallai nad yw gwasanaethau newyddion yn y gorffennol, yn ITV, wedi bod yn ymwybodol o'r digwyddiadau ers i ddatganoli digwydd. Ond, mae hynny wedi newid. Un o'r manteision sydd

In relation to the portrayal of Wales on the network across the UK, we are very aware that perhaps news services in the past, in ITV, haven't been very aware of the events since devolution happened. But that has changed. One of the advantages that has come out of creating one ITV is

wedi dod mas o greu un ITV yw bod ein timau newyddion ni nawr yn llawer mwy integredig ar draws y system—gydag ITN a gyda'r ystafelloedd newyddion eraill—i sicrhau bod storïau am Gymru, yn cynnwys storïau sy'n ymwneud â gwleidyddiaeth, yn cael eu hadlewyrchu ar y newyddion rhwydwaith. Nawr, wrth gwrs, mae'n rhaid ichi gydbwysu hynny gyda pham mor newyddiadurool ydyn nhw a pham mor gryf yw'r storïau i'r gynulleidfa gyffredinol, ond ar yr un pryd, mae'r bartneriaeth rŷm ni wedi'i chreu dros y sector newyddion yn ITV wedi cryfhau hynny.

[199] **Bethan Jenkins:** A oes ystadegau gennych chi ynglŷn â faint o straeon o Gymru sydd yn mynd ar newyddion ITV?

[200] **Mr Rossiter:** Nid oddi ar dop fy mhen, ond gallwn ni gael y rheini ichi, yn sicr. Gallwn ni wneud hynny a dod nôl atoch chi gyda hynny.

[201] Un o'r pethau y dylem ni ei adlewyrchu hefyd, fel yr oedd Phil wedi argymhell, yw: mae'r bartneriaeth trwy ITV gydag ITV Studios, ac, yn benodol, Shiver, sef y cwmni sydd yn disgwyl ar ôl rhaglenni ffeithiol, wedi dechrau'r flwyddyn yma. Yr wythnos nesaf, mae rhaglen ar Aberfan yn cael ei dangos ar y rhwydwaith yn ITV. Mae'n anrhydedd i ni fod y rhaglen yna wedi cael ei chreu yng Nghymru a hefyd yn cael ei dangos dros y rhwydwaith. Hwnnw, rŷm ni'n

that our news teams are far more integrated across the system—with ITN and with the other news rooms—to ensure that the stories about Wales, including those related to politics, are reflected on the network news. Now, of course, you have to balance that with how newsworthy they are and how strong those stories are in relation to general audiences, but also, the partnership that we have created across the news sector in ITV has strengthened that.

**Bethan Jenkins:** Do you have any statistics on how many Welsh stories are portrayed on the ITV news?

**Mr Rossiter:** Not off the top of my head, but certainly I could provide that information for you and come back to you on that.

Something else that we should also highlight, as Phil suggested, is that the partnership through ITV with ITV Studios, and particularly Shiver, the company that looks after our factual programmes, started this year. Next week, there's a programme about Aberfan being broadcast on the network with ITV. That's an honour for us and a privilege that that has been made in Wales and is being shown across the network. That, we hope, will be one of our first steps

gobeithio, yw un o'r camau cyntaf i sicrhau y bydd mwy o waith felly'n cael ei ddangos dros y rhwydwaith. towards ensuring that more work of that nature is shown across the network.

[202] Yn ogystal â hynny, mae yna raglen ddrama ITV yn cael ei chynhyrchu yn sir Fôn—y gyfres *Safe House*—ac mae honno'n cael ei chyfarwyddo gan y cyfarwyddwr Marc Evans. Mae honno'n mynd i mewn i gynhyrchiad yn weddol sydyn—nawr. Felly, mae yna gyfleoedd ar y gweill i sicrhau bod Cymru'n cael ei hadlewyrchu ar y rhwydwaith. In addition to that, we have an ITV drama programme being produced in Anglesey—the series *Safe House*—and that is directed by the director Marc Evans. That will go into production very soon—now. So, there are opportunities on the horizon to make sure that Wales is reflected on the network.

[203] I ychwanegu at hynny, mae yna sector annibynnol cryf gennym ni yma yng Nghymru, ac fe allem ni, fel ITV Cymru, wneud popeth yn ein gallu i sicrhau bod y cysylltiadau rhwng ITV yn ganolog, y comisiynwyr yn Llundain a'r sector annibynnol yma yng Nghymru, lle mae llwyth o dalent, yn gallu agor y drws i gael syniadau sydd efallai'n cael eu troi i mewn i gynyrchiadau ar gyfer y rhwydwaith. To add to that, we have a strong independent sector here in Wales, and we, as ITV Wales, can do everything within our ability to ensure that the links between ITV centrally, the commissioners in London and the independent sector here in Wales, where there's an awful lot of talent, can open the door to having new ideas, which can be turned into network productions.

[204] **Bethan Jenkins:** Diolch. Mae Jeremy nesaf. **Bethan Jenkins:** Thank you. Jeremy is next.

[205] **Jeremy Miles:** Mae fy nghwestiwn i ar y maes hwn, a dweud y gwir. Pa ganran o raglenni rhwydwaith ITV ar draws Prydain sy'n cael eu cynhyrchu yng Nghymru? **Jeremy Miles:** My question is on this specific area. What percentage of ITV network programming across the UK is produced in Wales?

[206] **Mr Rossiter:** Wel, ar y foment, dim lot o gwbl. Rwyf i wedi dweud hwn o'r dechrau. Dros y pedair blynedd diwethaf, rŷm ni wedi codi'r **Mr Rossiter:** Well, at the moment, not a very high percentage at all. I've said this from the beginning. Over the last four years, we have increased that

canran hwnnw 400 y cant, oherwydd rŷm ni wedi cael pedwar comisiwn diweddar. Ond, yr un cyntaf nôl yn 2013 oedd yr un cyntaf ers biti 25 mlynedd, rwy'n credu—rhaglen ar Dylan Thomas. Felly, mae'n wir i ddweud, yn y cyfnod cyn hynny, nad oedd lot o ITV yng Nghymru ar y rhwydwaith. Ers hynny, rŷm ni wedi creu'r rhaglen ar Dylan Thomas rŷm ni wedi siarad amdani, ac rŷm ni wedi cael partneriaeth gyda'r *Tonight programme* i gynhyrchu rhaglenni materion cyfoes. Roedd un ar '*Who Owns Britain?*'—dyna oedd teitl y rhaglen—yn disgwyl ar berchnogaeth cwmnïau mawr. Roedd y llall, yn ddiweddar, y flwyddyn hon, ar *how do we sleep* a *sleep deprivation*. Y trydydd yw'r rhaglen sydd yn dod lan nawr ar Aberfan. Rŷm ni'n obeithiol iawn y bydd hynny'n un o'r camau cyntaf tuag at sicrhau y bydd mwy o hwn yn digwydd yn y dyfodol.

percentage by 400 per cent, because we've had four commissions lately. The first one in 2013 was the first one in about 25 years, I think, which was a programme on Dylan Thomas. So, it's true to say that, in the period preceding that, there wasn't much at all from ITV in Wales on the network. Since then, we've created that programme on Dylan Thomas that we've mentioned, and we've had a partnership with the *Tonight programme* in producing current affairs programmes—one called '*Who Owns Britain?*' which looked at ownership of large companies. Also this year, we've had one on sleep deprivation, and the third is a programme that is coming up soon on Aberfan. We are very hopeful that that will be one of the first steps towards ensuring that more of this happens in the future.

[207] **Jeremy Miles:** Beth yw'r strwythur mewnol o fewn ITV sy'n galluogi neu'n cefnogi ITV Cymru i gael perswâd, neu i bortreadu i weddill grŵp ITV yr hyn sydd ar gael yng Nghymru?

**Jeremy Miles:** What's the internal structure within ITV that enables or supports ITV Cymru Wales to bring pressure to bear, or to portray to the rest of ITV what's available in Wales?

[208] **Mr Rossiter:** Wel, *meritocracy* yw ITV. Nid oes dim cwtâu gyda ni ar gyfer rhaglenni. Efallai y bydd Phil yn moyn dod i mewn ar hynny nawr hefyd.

**Mr Rossiter:** ITV is a meritocracy, of course. We don't have quotas for programming. Maybe Phil would like to come in on that.

[209] **Mr Henfrey:** I completely understand the line of questioning on this. It's something that—. We've got a vibrant production sector in Wales. In terms of portrayal, the more we can get on the network, the better portrayal

we'll get. So, it's a big focus for us. There are no barriers per se. It is a meritocracy. We don't operate quotas. So, it is about getting the very best ideas, but it's about getting the very best ideas from right across the UK; so why can't we get the very best ideas from Wales? We know we're competing for those ideas. We're competing with S4C and we're competing with BBC Wales. So, we've put in place things that can increase engagement with the network commissioners because, ultimately, they are the ones who will make the decisions. So, we have facilitated round-tables, we've brought network commissioners to Wales to meet with independents and we've looked to change the structure of the way that we hold open days, as it were, to say, 'These are the kinds programmes that we're looking for'. So, we've moved those days into the afternoon to allow people to travel to them. We've looked to encourage—. Because, sometimes, indies are not these 'super-indies'. Sometimes, it can be a one-man band, in effect. So, we've looked to try and pay travel expenses and so on and so forth. So, there are lots that we're doing to try and encourage that engagement. We are competing with others, and we want the very best ideas there.

[210] I'm pleased to say that, I would say, we are now more on the radar of some of our independents than we might have been in the past, and there are some very productive conversations that are going on. One of them is a potential drama commission, which would be terrific news, but just because those conversations are happening—and it's great that they are now happening, and maybe they weren't in the past, and I think we've made some progress to help that to happen—it doesn't mean that they will be. It is a meritocracy. Programmes have to be not just creatively successful, but they've also got to be commercially successful. So, the bar is very high in terms of what those ideas are, but we have a terrific sector here in Wales. Again, there would be nobody happier than me were that to happen.

[211] Then internally within ITV Wales, as I've said, ITV Wales is now a centre of excellence, because of the stability of the licence and the funding that we have had, which is significant in today's world. We've got a terrific centre of excellence. Through those partnerships internally within ITV, I see that as a launch pad for network production. That's why we've launched Shiver Cymru. That's a bold step for us. Already, we have secured one commission, and hopefully, that becomes a calling card to commissioners to say, 'Look, if you can do that, can you do this?' and so on and so forth. We have a brilliant team in Cardiff who are full of ideas. So, the mechanisms within ITV—actually, it's a very lean organisation. There aren't many layers to get through. It's about the ideas. Because of the stability we've got, particularly

in ITV Wales now, that's a great environment for a creative community to be in. I would hope now that those ideas are going to start flowing through and will lead to commissions.

[212] **Jeremy Miles:** What is the scale of your ambitions, say, by 2024, in terms of content from Wales on the network? Do you have a picture in your mind of what success would look like, from your point of view, with regard to that?

[213] **Mr Rossiter:** If you'd have asked me four years ago, it would probably be pretty much now where we are. I see no reason why there can't be a large-scale commission on the ITV network from Wales, but it will rely on the idea. It's not going to be a matter of industrial policy, as it were. We're not going to shift the production set-up from one part of the UK to another because that might look like a good idea. It has to make commercial sense. Given the scale of the production sector in Wales, given our investment now in the production sector in Wales through our acquisition of Boom Cymru, and given the stability we've got around the licence, these are all great conditions that can help to get these ideas over the line. Our priorities are multifaceted in terms of delivering for our viewers in terms of our PSB and so on and so forth, but this is one of our strategic priorities. I think that the conditions have, in some ways, never been better for us to try and get those over the line.

[214] **Bethan Jenkins:** I'd like to bring Dawn Bowden in.

[215] **Dawn Bowden:** Thank you. I think Jeremy's questions have covered much of what I was going to ask, so I won't go there, but it is to follow on from that. Actually, as somebody who was brought up in the west country with TWW and *Tinker and Taylor*, and all that kind of stuff, I've got very fond memories of when it was a joint licence. It must have been joint licence at that time. Actually, I'm surprised that you've only had the Wales-only licence since 2014.

10:45

[216] So, following on from what Jeremy was saying, now you've got a Wales-only licence, is there a target for the proportion of productions that should come out of Wales as a percentage or as a proportion of Wales as a population, compared with English regions? Do you look to say, 'Well, actually, we're broadcasting to a nation of three-point-however million,

bigger than a lot of English regions'? Is there any kind of target that you're aiming to reach to—

[217] **Mr Henfrey:** The simple answer to that is 'no'. We don't operate quotas. It is a meritocracy; we want the very best idea, but we want the very best idea from right across the UK. We haven't got that kind of sense of quotas, because, as a commercial organisation, our channel has to be competitive. It has to have the very, very, very best ideas within it, and we don't feel, necessarily, that quotas might deliver that. Now, the consequence of that is, sometimes, when you then look at the whole of the UK and ask the question, 'Are we reflecting all parts of the UK?', as we, I think, are quite established in a Welsh context, the answer is 'no'. So, then, within that meritocracy, what influence can we bring to bear to change that? I personally don't believe that quotas would be good for the channel as a whole, though I can see the benefits that they might bring in terms of production sectors, but—

[218] **Dawn Bowden:** There could be an aspiration, if not a quota that you—

[219] **Mr Henfrey:** Again, it's how you would decide that. In terms of population, you mentioned that Wales is larger than some of the English regions, but it's also smaller than some of the English regions, and some of those English regions might not currently have network representation and programmes made in their part of the world.

[220] **Dawn Bowden:** We're not talking about definitive quotas; we're talking about targets, aren't we? We're talking about aspirational targets, because I don't know, for instance, how your budget is allocated as part of a UK-wide organisation. Is that allocated proportionately on the size of the region—i.e. ITV Wales and its population—or is there a different kind of criteria for the allocation of budget and is that, in some way, the driver for your targets, given how much you are allocated by the UK organisation?

[221] **Mr Henfrey:** The driver, ultimately, is to deliver a commercially successful schedule that attracts an audience. It's not sub-divided—the budgets are not sub-divided by population and so on. It's about what programmes are being commissioned and the amount of money those programmes need to be successful. Those are broadly the criteria. ITV spends around £1 billion on UK production and, actually, ITV is quite a decentralised organisation. It's got major production centres outside of London in Manchester and in Leeds. It's got bases in most of the major cities

of the UK, including Cardiff.

[222] But, in answer to your question, there isn't somebody sitting there with a spreadsheet and a formula that says, 'This part of the UK must get x and y.' It's all down to, 'What's the idea? Where has the idea come from?' and the commissioners then deciding how much should be allocated to that. The schedule itself has tariffs—more money is spent in the peak times slots than is spent in daytime or that is spent late at night, but that's about audience reach—

[223] **Dawn Bowden:** So, if absolutely cracking ideas come out of ITV Wales, that could increase your budget, potentially.

[224] **Mr Henfrey:** If it's commissioned, yes.

[225] **Bethan Jenkins:** I need to move on, if that's okay.

[226] **Dawn Bowden:** Sorry.

[227] **Bethan Jenkins:** No, that's fine. Neil Hamilton and then Lee again.

[228] **Neil Hamilton:** The committee tends to focus its questions on public sector broadcasting, but as somebody who has made a modest income out of doing silly things on television and the world of comedy and entertainment, I'm interested in—

[229] **Dai Lloyd:** A loose description. [*Laughter.*]

[230] **Neil Hamilton:** I've tried to make the proceedings of this place a bit more entertaining as well, but I doubt that this will become headline viewing for most people. But I'm interested in the extent to which Cardiff can become a kind of media hub for entertainment and broadcasting. With the collapse of the costs of technology, as you rightly said earlier on, that brings a great deal more flexibility in programme production than used to be the case—you're not so tied to a physical location any more, and the costs of operating are lower. So, I was wondering to what extent you, as a commercial company, would be able to take advantage of being in Cardiff to help develop that. When you gave evidence to the task and finish group here in 2011, you said that the certainty around the new licence would enable you to take creative risks. I don't know what those creative risks proved to be—perhaps you could enlighten us—and to what extent will you continue to be able to take

creative risks that will have a payback in commercial terms and, therefore, help to support the growth of a vibrant creative community here in Cardiff in the world of broadcasting.

[231] **Mr Henfrey:** We work largely in a Welsh context through the genres of news and current affairs, and then, within that, what risks are we taking? I think I've already quoted the example of *Adrian's Election Bites*, which combined cookery with political interview, which, possibly, is a bit of a first. In terms of the broader answer to your question, I think it goes back to the line of questioning over there, in terms of what sorts of sets of circumstances you require for a network commission. Having the talent and skills that are clearly available in Wales, through the activities of broadcasters, is clearly an asset to any sort of production company with an idea. Yes, the idea is the critical thing, but then there's, 'Where are you making it? Have you got the skills and the talent to make it?' I think Wales is very well placed to do that.

[232] As I say, ITV spends around £1 billion a year on UK productions for its various channels, including ITV. I would like to see a greater spend in Wales. I think the conditions are right for that, and we're working hard to get those things across the line, but it's built around a meritocracy. It is all about somebody saying 'yes' to an idea, and it's also about making sure those ideas do get in front of the people who will be saying 'yes'. So, we're trying to facilitate that as much as we can.

[233] **Mr Rossiter:** To add to that, if those ideas get through—. The main ITV channel is very much an entertainment-based channel, as everybody is aware. In addition to the dramas, the current affairs and the news that we do, entertainment is a key part of that. So, if there is an opportunity that could be developed here in Wales, then, clearly, ITV would be very, very pleased to hear about it, because entertainment is very much bread and butter for the channel.

[234] **Mr Henfrey:** Everybody's looking for the next *The X Factor*. If the next *The X Factor* came from Wales, that would be terrific.

[235] **Neil Hamilton:** The way that people access content is going to change dramatically in future, isn't it? The growth of mobile telephony in this respect is transforming the way in which broadcasters work, particularly for young people. So, it's vitally important, isn't it, to take advantage of these new forms of technology and not be constrained within the format where you're

looking at a box? This changes the whole way in which, traditionally, the public service element of broadcasting has been seen by governments, anyway, and the importance, therefore, of the TV licence. That means that you, as a company, must change the way in which you operate, too.

[236] **Mr Henfrey:** Yes, and, as a part of that, we now have a family of channels. So, we have individual channels: ITV2 targets 16 to 35-year-olds; ITV4 is probably more focused on males and sports; and we've launched ITV Hub, which brings together all of our content into the online space, so that people can watch it on their tablets and so on and so forth. So, yes, as you say, competition can provide threats, and that has had an impact on the licence that supports the programming specifically for Wales, but, at the same time, technology can provide opportunities, and ITV is doing everything it can to maximise those opportunities.

[237] **Bethan Jenkins:** Thank you for that. I'm going to move swiftly on. We've got five minutes left, so if we can try to keep things short and sharp—Lee.

[238] **Lee Waters:** Thank you for letting me come back, Chair. I just want to return to the issue of portrayal, because this is a huge challenge for all of the network broadcasters. You've emphasised time and again that this is a meritocracy, and you also emphasise how vibrant ITV Wales is and how much talent you have. So, the fact that Welsh content is not reflected on the ITV network cannot be a reflection of the talent you have, so there must be some other explanation. So, I'm just interested in what that might be. This is something that the BBC has had a lot of flak over, and their network commissioners make similar arguments about the fact that it's the best ideas that will be rewarded. Welsh ideas seldom have been rewarded.

[239] You mentioned you offer travel expenses to independent producers to come to commissioners' meetings, and I note that the BBC is in a different position to you—I appreciate that—but there's a blockage here somewhere along the pipeline. The BBC are looking at having a drama commissioner located in Wales, so I wonder what ITV network can do to nurture Welsh ideas beyond offering travel expenses to independent companies, who quite clearly are not rising to the challenge. Is this something that the network commissioning end within ITV, as in other network broadcasters, can do to address this failure in portraying Wales on the network?

[240] **Mr Henfrey:** I suppose the viewpoint that we would take around that is

a very similar one to you that sort of says, 'What is the reason and is there a 'simple fix' for that?' Ultimately, it's about facilitating those ideas and, as you say, the nurturing and so on and so forth. At times, as we look back on the history of things, there's been that virtuous cycle where the commissioner has hooked up with somebody who's based in Wales, and all of a sudden there's a sci-fi series, and the rest of it, as they say, is history. In that sense, it only takes one of those, but to facilitate that and 'make that happen' is very difficult, and we are competing against the rest of the UK. Should Wales enjoy any 'unfair' advantage within that competition? Others might argue not.

[241] I think the really important thing is that there are clearly assets within Wales that should be being tapped into. Without question, there's a terrific sector here in Wales that has great experience of making a whole range of content for a whole range of broadcasters. And my question is: so why not ITV? And we're doing everything we can that can be done around that. I used the question around travel expenses to make the point that we're trying to do everything—the door is open and we're trying to get as many people with ideas through that door. That's the really key thing. If they're not actually coming through the door, then we don't get to hear their ideas, and we can't commission them if we've not heard the ideas. The real thing is to get people through the door and to build awareness within the creative community in Wales that says, 'ITV's door is open'. I think we're doing that and, as I speak, there are good conversations happening. I would hope that some of those may lead to a commission and, if they do, then this whole conversation slightly slips on its axis. But until they do, I completely understand the concern of the committee.

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

[243] **Bethan Jenkins:** Thanks very much. I know Hannah is waiting to come in here.

[244] **Hannah Blythyn:** I'll be as concise as possible. To go down a slightly different line, you've talked about having the skills and talent to make productions here in Wales for the whole network, and I was interested to see in your briefing for the committee the apprenticeship scheme. I'm just wondering about the significance of that, feeding into what you do here, and also how that is promoted and reached out across Wales as well.

[245] **Mr Henfrey:** It's a really important question, and, at the end of the day,

what I want is for our workforce to represent the audiences that they serve. We've recently moved base—we've moved to the most diverse part of Wales, in effect. One of the things I've been looking at is how you can increase the pathways for, perhaps, some of the under-represented communities within our workforce, because, ultimately, if our workforce represents the audiences they serve, then the programmes that they make will be more successful with those audiences.

[246] So, the apprenticeship scheme is an initiative that tries to do just that. And, yes, it's a modest investment—it's not quite on the scale of others perhaps—but what we have seen in the 18 months that we've had it is that it's brought people into ITV Wales that might not ordinarily have got through the door, and they've proved to be fantastic assets to ITV Wales during their apprenticeship. What I hope is that, by having an experience at ITV Wales, it enables them to then go and have a successful and prosperous career within the creative industries in Wales. As a commercial organisations, there are limits to what we can do, but I think the apprenticeship scheme that we have started is, again, another example of what we are doing beyond our licence to maximise the impact that we can have in Wales.

11:00

[247] **Bethan Jenkins:** I know you've explained in previous answers with regard to how much you're spending and the fact that you can do more with the money that you have regardless of not having an increase, but you will notice that STV, who holds the licence in Scotland, are actually increasing their output there while that is not happening here. While I appreciate what you've said in relation to not necessarily needing to have more money to produce better or more commercially successful programmes, do you not think that, when you're looking and comparing spend in Scotland, you could look to trying to strive to reach that type of aspiration—if not have targets in the meritocracy, but have some form of discussion about how you'd be able to improve upon that?

[248] **Mr Henfrey:** I defer to you. I'm not an expert on Scottish broadcasting. What I do know about the Scottish broadcasting scene is that the channel 3 licensee's requirements there are no different than they are in Wales. Clearly, as it is in many things—be it political and so on and so forth—there is a different context. I don't know, for example, how much the Scottish Government spends on purchasing airtime from the channel 3 licensee, and how that compares with, say, the Welsh Government here. Yes, there's local

television in both countries—but in Scotland, as far as I'm aware, the channel 3 licensee has seen commercial value in taking on the local licences there. The two local television licences in Scotland cover a population of around 3 million people, which is broadly the equivalent of the population in Wales. So, that's enabled them to generate different economies of scale. So, the contexts between the two are different. I'm not quite sure how useful the comparison is, and I'd just go back to my earlier answers. We are absolutely fulfilling on our basic minimum requirement. Not only that, one other thing I'd also say is: yes, I completely understand that the volume of production is  $x$  and the volume of production is  $y$ . We could potentially make more programmes, we could potentially put them into the fringes of the schedule—because, actually, the audience expects those programmes to not be of the quality because there are fewer people watching. We could then say to you, 'Yes, look, we are producing far more than our licence', but the question then becomes, 'Yes, but who's watching them? Does anybody think any of those are any good?' That's a separate question.

[249] In Wales, we've deliberately taken a strategy that says we want to invest in making really high-quality programmes that compete in the peak-time schedule. We put *Wales this Week* between two editions of *Coronation Street* at 8 o'clock—that secures a significant audience for current affairs. We could put that programme at 10.30 p.m. and make a lower-quality programme, have a lower audience. We choose not to. Yes, that might deliver us more programmes, and we'd be able to say to you, 'We're delivering more programmes', but, actually, I think there's a balance between the impact that those programmes have and the quality that those programmes have as well.

[250] **Bethan Jenkins:** So, can I just clarify then—you said there would be tariffs and more would be spent for peak times, so are you getting more from ITV plc centrally if you're then able to put those productions on at those peak times? Because it doesn't seem that that was the case from what you said in relation to Lee's questions earlier.

[251] **Mr Henfrey:** The level of funding that we have for Wales is built around the premise that we are going to put a significant proportion of those programmes within peak time.

[252] **Bethan Jenkins:** Right, okay. Are there any more questions? Okay. Thank you very much for that session. I think it was very informative and I think that will help us as we move on and I hope to see you again in the future. Diolch yn fawr.

[253] **Mr Henfrey:** Thank you very much for the opportunity.

[254] **Bethan Jenkins:** We'll go into private for a few minutes now. Thanks.

*Gohiriwyd y cyfarfod rhwng 11:04 a 11:12.  
The meeting adjourned between 11:04 and 11:12.*

**BBC Cymru: Craffu Cyffredinol  
BBC Wales: General Scrutiny**

[255] **Bethan Jenkins:** Diolch yn fawr iawn. Rydym yn symud yn awr at sgrwtineiddio'r BBC. Diolch yn fawr iawn i chi am ddod heddiw. Mae gennym Rhodri Talfan Davies, y cyfarwyddwr, a Gareth Powell, prif swyddog gweithredol. Rwy'n siŵr eich bod wedi gweld bod pobl eraill wedi bod i mewn heddiw—ITV ac S4C—ac rŷm ni'n ceisio, fel pwyllgor newydd, i dynnu sylw at y sector cyfathrebu yma yng Nghymru ac i roi ffocws ar yr hyn sydd yn digwydd. Felly, diolch yn fawr iawn i chi am ddod. Rydym yn mynd i symud i gwestiynau, os yw hynny'n iawn. Mae Suzy Davies yn mynd i arwain ar y cwestiynau i chi'r bore yma. Diolch yn fawr.

**Bethan Jenkins:** Thank you very much. We move now to the scrutiny session with the BBC. Thank you very much for coming today. We have Rhodri Talfan Davies, the director, and Gareth Powell, the chief operating officer. I'm sure you've both seen that people have been in today—ITV and S4C—and as a new committee we are trying to draw attention to the communications sector in Wales and to give a focus to what's happening here. So, thank you very much for coming. We'll move straight to questions, if that's okay. Suzy Davies is going to lead on questions for you this morning. Thank you.

[256] **Suzy Davies:** I'm going to ask on governance if that's alright. Thank you very much. It's very nice to see you again. I'm going to start with pretty much the same question I asked your colleagues from S4C and that's about the existing arrangements—I appreciate they're going to change as a result of the charter review—and about how much the existing governance framework supports you in working together. How much of your effective working together is down to soft diplomacy?

[257] **Mr Davies:** Specifically in relation to the BBC–S4C?

[258] **Suzy Davies:** Yes.

[259] **Mr Davies:** I was listening, obviously, to Huw and Ian. I think they're right to say it is a mix of both. I think the clarity—. It took 12 to 18 months to iron out the arrangements after the licence fee agreement back in 2011–12. Having gone through that work and enshrined the independence of both broadcasters in the process, I think that has given us a very clear mandate to partner, to work together collaboratively, but to know that it's genuine. So, I think I said to the committee last time I was here, the way the partnership works is where we see mutual benefit in working together, we do that. Where we don't agree, or where one partner has a different view to the other, we don't. It's a very sensible, mature arrangement, but it is underpinned by an operating agreement that gives both broadcasters confidence that their ability to take independent executive decisions on editorial and managerial matters is safeguarded.

[260] **Suzy Davies:** Over that 18 months when you were ironing things out, did that expose any weaknesses in the framework agreement or was that—? I don't want to say 'personality based'—that sounds far too personal—but were there things wrong or gaps in the framework that you had to—?

11:15

[261] **Mr Davies:** No, no. What I mean is that, in a sense, the agreement didn't exist before then, so we were all suddenly facing a licence fee settlement where the vast majority of S4C's funding was moving from a Department for Culture, Media and Sport grant to a licence fee basis. And S4C, quite rightly, was concerned about what that meant in terms of their autonomy as a broadcaster. That takes a while to work through because, clearly, the BBC Trust was in a position where it wanted to ensure that it had oversight of the expenditure of the licence fee, and at the same time, S4C wanted to make sure that this didn't trample over their ability to operate independently. That takes time to work through, but by taking time I think we got it right.

[262] **Suzy Davies:** So, with the post-charter arrangements, would you expect to see that phrase about editorial and managerial independence repeated?

[263] **Mr Davies:** I have absolutely no doubt. Huw was absolutely right to say that there will need to be some adaptation to the partnership because,

clearly, in a unitary board you have both non-executive and executive members together for the first time. So, we're going to need to reflect that in new arrangements. But I have absolutely no doubt that whatever arrangements or adaptations are needed, it will continue to enshrine the independence of S4C as a broadcaster, just as I hope it will enshrine the independence of the BBC too.

[264] **Suzy Davies:** Well, yes, because obviously you want this to survive—both you and the other current people. I'll leave some of the questions on governance to others, but I just want to ask you a question about accountability as well. As I said earlier to S4C, this place has no financial responsibility for the BBC. So, when you're coming and giving evidence to us and we make recommendations, how seriously are you going to take them? What line should we not cross?

[265] **Mr Davies:** I think the first thing to say is that I warmly welcome the real interest of this committee in media affairs in Wales. It is a period of enormous change, not just in the provision of services but, in technology terms, in how audiences use the media. We know the fragility of the media landscape in Wales, and it's absolutely right that the National Assembly should have a view on those matters. Clearly, I will want to guard jealously the editorial and operational ability of the BBC to make its own decisions, but it's absolutely right that the Assembly should have a view on media matters and that you should be able to question us on how we are tackling some of the underlying challenges.

[266] **Suzy Davies:** What sort of questions would you expect us to ask you?  
[*Laughter.*]

[267] **Mr Davies:** This is a new way around. [*Laughter.*]

[268] **Suzy Davies:** No, no, no, I'd like to see where you're setting the line in your mind.

[269] **Mr Davies:** I think, if you look at the memorandum of understanding that was established for the charter process, it is quite clear that, in terms of the governance of the BBC, and in terms of the BBC's accountability to audiences, the National Assembly is going to have strong views on those matters. You will have strong views on how we deliver our services in Wales. There's been a lively and, I think, very useful debate about provision in the English language. I think that it's vital that we hear those views and we

consider them very carefully. Obviously, ultimately, it's important that the BBC is able to make its own managerial decisions and operational decisions, but I think it would be remiss of us not to listen very intently to what the Assembly has to say as we consider those matters.

[270] **Suzy Davies:** Okay. Thank you. I was just trying to see where you thought the line was. That was all. Thank you. I'll happily open it to somebody else.

[271] **Bethan Jenkins:** Thank you very much, Suzy. Do I have Members wishing to ask questions? Hannah.

[272] **Hannah Blythyn:** I'd like to shift into a different area and more about portrayal. I know that BBC Cymru Wales has said that, within three years,

[273] 'audiences in Wales should be enjoying a greater range of programmes that better reflect the diversity of the nation, both locally and on the BBC's networks.'

[274] I'd like to hear more about your specific plans to do this, and your capacity to do so. Particularly, I think, BBC Wales is to serve the entire country and not a certain kind of geographical boundary, so I think, especially in terms of news output as well, to make sure that that actually reflects stories and our people across the entire country, not maybe just around the capital city.

[275] **Mr Davies:** Yes. I think if I may just deal with that question in two parts. In terms of non-news output, there are two aspects, I think, to drive in portrayal. One is the investment and commitment in terms of local English language programming, and I'm sure we'll come to that question during this session. The other is how effectively networks and network commissioners reflect the lives and stories of different parts of the UK. I think Tony Hall, when he was last here, talked about reviewing how commissioning works. I think a number of things have already been announced in terms of having drama commissioning editors focused on each of the devolved nations for the first time, and in terms of establishing the BBC Writersroom, which is a development facility for new writers, establishing a basis for Writersroom in each of the devolved nations. There is also an element of just working harder at it. There are—

[276] **Bethan Jenkins:** Can you just clarify what you mean by 'BBC Writers

Room'?

[277] **Mr Davies:** Yes. BBC Writers Room is a development team within the BBC that identifies and helps develop new comedy and drama writers. It's very well established, it works with hundreds of writers across the UK, but in order to try and fast track new writing talent we're going to put dedicated Writers Room teams in each of the nations.

[278] The final part, in terms of non-news, is just working harder at it and when we look at the slate of network commissions, thinking about, 'Well, which stories are we telling? Where are we telling them?' If I look at the next three or four months on the BBC, you have a BBC One series starting next week, *Ordinary Lies*, which is set in Newport; *Hinterland* returns for a third series; and, we have *The Green Hollow*, which is a drama that we've made about Aberfan to commemorate the fiftieth anniversary. So, there is really good work coming through, but what has to be a focus is how you keep that pipeline full of exciting projects that get the network commissioners interested. I think we've got more work to do there, but it's good to see projects coming through.

[279] On news, Tony Hall, I think, again when he was here, talked about the review we're doing at the moment of the balance between network news provision and news provision in each of the nations. I hope we'll be able to share those conclusions with you in due course. That's a fascinating process, because clearly what you're doing is looking at the news landscape in each of the distinctive nations. I think I've said to you before that one of my priorities is to develop solutions that extend the reach of Welsh news, to take Welsh news to a greater proportion of people in Wales. We know at the moment that about half the population engage on a weekly basis with Welsh news. We should be driving that much higher and, in due course, I would hope to share with you how we propose to do that.

[280] **Hannah Blythyn:** Part and parcel of that is also making sure that Welsh news is on the network as well because, as you say, a lot of people will watch the UK-wide news and may not watch the Welsh news, and a lot of the time now—and I think this goes back to the questions that Dai was asking earlier—a lot of people don't understand when they're watching something on the UK news that is talking about something about education that it doesn't apply to them in Wales. So, how that's better balanced, or people are clear that the news they're getting relates to where they live.

[281] **Mr Davies:** It's something we take very seriously and it's something I think the BBC has improved on significantly over recent years. We regularly undertake research to look at how effectively network news is covering issues across the devolved nations. There are clearly moments, and the junior doctors strike in England was one of those moments, where the importance of that story to England was clear, but getting the balance right and making it clear it didn't apply in Wales—of course, life is more complicated than that, it does apply to some people in Wales who migrate across the border for their health services. So, that dialogue is a daily dialogue with the news editors in London.

[282] **Bethan Jenkins:** Dai, and then Jeremy.

[283] **Dai Lloyd:** Ie, wel, yn dilyn ymlaen o hynny, a dweud y gwir, mae yna bryder ynglŷn â'r portread o ddiwyddiadau yma yng Nghymru, a beth mae pobl Cymru yn ei feddwl, nid jest yn yr iaith Gymraeg ond hefyd i'r di-Gymraeg. Hynny yw, trio portreadu'r hunaniaeth yma o beth yw hi i fod yn byw yng Nghymru, os ydych chi'n siarad Cymraeg ai peidio. Buaswn i'n leicio gweld mwy o raglenni ar gyfer y di-Gymraeg sy'n adlewyrchu bywyd yn y Cymoedd. Rydym ni wedi cael rhai esiamplau bendigedig dros y blynyddoedd, ond nid yw hynny yn digwydd yn wastadol o hyd, ac yn ddigon aml, buaswn i'n mentro ei ddweud, achos ar ddiwedd y dydd, oni bai am hynny mae pobl yn wynebu'r dewis rhwng bod yn Gymro Cymraeg neu ddim yn Gymro neu'n Gymraes, achos nid ydynt yn siarad Cymraeg. Rydw i'n credu bod yna ddyletswydd gan rywun fel y BBC i fod yn adlewyrchu bywyd Cymru yn ei holl lawnder, nid jest mynegi pethau drwy'r iaith Gymraeg. Mae yna waith i'w wneud i fynegi Cymru

**Dai Lloyd:** Well, following on from that, if I may, there is a concern in relation to the portrayal of events here in Wales, and what people in Wales think of that, not only for Welsh speakers but non-Welsh speakers also, in trying to portray this identity of what it is to be living in Wales, whether you speak Welsh or not. I'd like to see more programmes for non-Welsh speakers that reflect life in the Valleys, for example. We've had some excellent examples over the years, but they don't happen consistently or frequently enough, in my opinion. At the end of the day, without that, people are facing the choice between being a Welsh speaker or not a Welsh person, because they don't speak Welsh. I think there is a responsibility on someone like to BBC to reflect Welsh life in its entirety, not only to express things through the medium of Welsh. There is work to be done on portraying Wales through the medium of English, but portraying Welsh issues, not British issues as

drwy'r iaith Saesneg, ond materion Cymreig, nid materion Prydeinig, fel y cyfryw. Rydw i'n credu bod yna ddyletswydd, a bod angen mwy o waith ar hynny.

[284] Yn dilyn y pwynt a wnaeth Hannah, wrth gwrs, ie, pan mae yna bethau mawr yn digwydd megis holl feddygon Lloegr yn mynd ar streic, ie, roedd hi'n anodd i rai o'n meddygon ni yma yng Nghymru i ddirnad nad oedden nhw ddim ar streic chwaith, achos, eto, mae tua hanner poblogaeth Cymru yn cael eu newyddion ddim o ffynhonnell Gymreig, fel y cyfryw. Wedyn, mae angen gweithio yn galetach i bwysleisio bod iechyd wedi'i ddatganoli a bod addysg wedi'i ddatganoli. Ni ddylai'r pethau hynny ddod yn sioc.

[285] Rwy'n cofio cyflwyniad y taliad 5c ar fagiau plastig yn Lloegr flwyddyn yn ôl. Roedd hynny fel, 'Duw, dyna'r tro cyntaf inni erioed feddwl am y peth', cymaint oedd mawredd y sioc a'r syndod i boblogaeth yr ynysoedd hyn, er bod hynny wedi bod yn weithredol yng Nghymru ac yng Ngogledd Iwerddon am flynyddoedd cyn hynny. Nid oedd braidd ddim sôn am brofiad y gwledydd yna ynglŷn ag effeithlonrwydd y taliad yna a hefyd yr holl waith a oedd wedi mynd i mewn i wneud yn siŵr ein bod ni'n cael y polisi bendigedig hwnnw drwyddo. Roedd fel pe bai pawb yn gorfod dechrau o'r lle cyntaf achos

such. I think there is a responsibility here, and more work needs to be done in that respect.

Following the point that Hannah made, of course, when large events happen, for example all the medics in England going on strike, yes, it was difficult for some of those medics here in Wales to think that they weren't on strike too, because, again, half of the population of Wales has their news from a non-Welsh source, as it were. So, it's difficult then to try and emphasise that education and health are devolved. Those things shouldn't come as a shock, really, should they?

I remember the introduction of the 5p carrier bag charge in England a year ago. Well, it was as if nobody had ever heard or thought of it before. It was a tremendous shock to people on these islands, even though it had been operational in Wales and Northern Ireland for many years before that. There was hardly any mention of the experience of those countries in relation to the efficiency and effectiveness of that charge and all the work that had been done to make sure that we got that wonderful policy through. It was almost as if everyone had to start from the very beginning because it hadn't happened in England before. I think

nid oedd hyn wedi digwydd yn Lloegr o'r blaen. Rwy'n credu bod dyletswydd arnoch chi fel corfforaeth i wneud yn siŵr eich bod chi yn adlewyrchu'r gwahaniaethau yn y gwledydd hyn, nid dim ond mynd ar ôl y lein Lundeinig o hyd.

[286] **Mr Davies:** A gaf i ymateb i'r ddau bwynt yna? Yn gyntaf, byddwn i'n sicr yn cytuno bod angen cryfhau'r ddarpariaeth i'r bobl ddi-Gymraeg yma yng Nghymru. Ac, er bod arbedion sylweddol yn wynebu'r BBC—rhyw £800 miliwn o arbedion dros y cyfnod nesaf—mae'r cyfarwyddwr cyffredinol eisoes wedi gwarantu y bydd yna fuddsoddiad ychwanegol i deledu Saesneg. Bydd hynny'n fanteisiol yn lleol i Gymru a bydd hefyd yn fanteisiol o ran y ddarpariaeth i'r rhwydwaith, achos, os ydym yn gwario mwy ac yn buddsoddi mwy mewn prosiectau lleol, bydd canran helaeth o'r rheini hefyd yn ymddangos ar y rhwydwaith.

[287] Ar yr ail bwynt, mae'n hawdd cyplysu'r BBC â'r holl ddarpariaeth gyfryngol eraill. Os edrychaf yn ôl ar y stori yna y gwnaethoch chi sôn amdani, o ran y bagiau plastig, yr oedd y rhaglenni *Six O'clock News* a'r *Ten O'clock News* yn gwbl glir mai Lloegr oedd y wlad olaf ym Mhrydain i wneud y newid yna. Yr oedd hynny'n glir hefyd ar *Today*. Ond, rydych chi'n iawn i ddweud, dros lot o'r cyfryngau Prydeinig, nid oedd hynny'n glir. Felly, i ryw raddau,

there is a responsibility on you as a corporation to make sure that you do reflect the differences in the nations, and not just go after the London line all the time.

**Mr Davies:** May I respond to both of those points? First of all, I would certainly agree that we need to strengthen the provision for non-Welsh speakers here in Wales. And, although there are some £800 million-worth of savings that have to be made in the BBC in the next period, the director general has already guaranteed that there will be additional investment for English-medium broadcasting. That will be beneficial locally to Wales, but it will also be beneficial in terms of provision for the network, because if we spend more and invest more in local projects, a large percentage of those will also appear on the network.

On your second point, it's easy to lump the BBC together with all of the other media output. If I look back at that story that you mentioned, in terms of the plastic bag charge, the *Six O'clock News* and the *Ten O'clock News* programmes were clear that England was the last nation in Britain to make that change. It was also made clear on *Today*. But, you are right in saying that, across much of the British media, that wasn't made clear. So, to some extent, I think the

rwy'n meddwl bod y BBC ar y blaen yn y maes hwn. Ond, nid ydym yn gallu effeithio, yn amlwg, ar y ddarpariaeth fasnachol sy'n digwydd tu hwnt i'r BBC. Felly, rwy'n deall y pwynt ac, wrth gwrs, mae yna enghreifftiau lle mae eisiau i ni wella, ond mae nifer fawr o enghreifftiau, ac mae hynny yn un rwy'n credu, lle gwnaeth y BBC ei gael o'n iawn.

[288] **Bethan Jenkins:** Diolch am hynny. Mae Jeremy nesaf.

[289] **Jeremy Miles:** A gaf i ddatblygu'r cwestiwn yma o bortread ac edrych arno fe o safbwynt trefniadau a strwythur y BBC? Gyda'r cwestiwn yma o'r comisiynydd drama yng Nghymru, beth fydd cwmpas daearyddol y gronfa dalent y bydd y comisiynydd yn trio manteisio arno? A fydd o fewn Cymru neu'n ehangach na hynny? Beth fydd y berthynas rhwng y comisiynydd drama yng Nghymru a'r comisiynwyr rhwydwaith ar draws y Deyrnas Gyfunol?

[290] **Mr Davies:** Comisiynwyr rhwydwaith fydd y bobl yma, felly byddan nhw'n atebol i'r pennaeth drama, Piers Wenger, a oedd gynt yn bennaeth drama BBC Cymru—fo fydd pennaeth comisiynu drama'r BBC ac mae o'n cychwyn mewn rhyw bythefnos. Felly, byddan nhw'n gweithio'n uniongyrchol i bennaeth drama'r BBC. Buaswn i'n gobeithio y byddant yn gwneud y ddau beth:

BBC is in vanguard in this regard. But, we obviously can't have an impact on the commercial provision beyond the BBC. So, I understand your point and, of course, there are examples where we need to make improvements, but there are very many examples, and I think that's one, where the BBC actually got it right.

**Bethan Jenkins:** Thank you for that. Jeremy is next.

**Jeremy Miles:** Can I develop this question around portrayal and look at it from the point of view of the organisational structures of the BBC? In relation to the drama commissioner in Wales, what do you think the geographical scope will be for the talent pool that the commissioner will try to take advantage of? Will it only be within Wales or wider than that? What will the relationship be between the drama commissioner in Wales and the network commissioners across the United Kingdom?

**Mr Davies:** These will be network commissioners, so they will be accountable to the head of drama, Piers Wenger, who was formerly head of drama in BBC Wales—he will be head of drama commissioning for the BBC and he will start in that post in around a fortnight. So, they'll work directly for the BBC's head of drama. I would hope that they would do both things: focus on talent here in Wales

ffocysu ar dalent yma yng Nghymru a gweithio'n agos â BBC Studios a'r nifer fawr o gwmnïau annibynnol sydd â diddordeb i ddatblygu talent. Ond, mae llwyddiant Cymru yn y maes drama yn gorfod bod yn gyfuniad. Mae pobl greadigol ar eu gorau—. Mae diddordeb mawr i ddatblygu dramâu Cymreig, ond mae hefyd ddiddordeb mawr i ddatblygu nifer amrywiol o ddramâu eraill, a dyna yw llwyddiant. Pan fyddwn yn sôn am llwyddiant Roath Lock, mae'n llwyddiant byd eang, ond yn amlwg mae eisiau ychwanegu at yr ystod eang o ddramâu sy'n cael eu cynhyrchu yno, a dramâu sydd yn adlewyrchu Cymru. Felly, i fi, nid yw'n fater o ddewis un neu'r llall. Rydym eisiau talentau sydd â diddordeb yn y ddau faes.

and work closely with BBC Studios and a number of independent companies that are interested in developing talent. But, the success of Wales in drama does have to be a combination of different things. Creative people work best—. We're very interested in developing Welsh dramas, but we're also interested in developing all sorts of other drama output, and that's the success. When we talk about the success of Roath Lock, it is a global success, but clearly we want to add to the broad range of productions made there, and dramas that actually reflect Wales too. So, for me, it's not an option of one or the other. We want talents who are interested in both areas.

[291] **Jeremy Miles:** So, nid oes slot penodol y mae'r comisiynydd yn llanw ar gyfer y rhwydwaith ac nid oes briff penodol i gynyddu'r gynrychiolaeth o Gymru, mae jest yn rhywbeth a wnaiff dyfu o'r ffaith eu bod nhw'n seiliedig yng Nghymru.

**Jeremy Miles:** So, there are no specific slots for the commissioner to fill for the network and there's no specific brief to increase the representation of Wales, it's just something that will grow from the fact that they're based in Wales.

[292] **Mr Davies:** Yn sicr, bwriad y newid yw sicrhau bod canolbwynt i'r drafodaeth rhwng y cynhyrchwyr a'r tîm comisiynu. Hyd yn hyn, mae'r rhan fwyaf o'r tîm comisiynu rhwydwaith wedi eistedd yn Llundain, ac felly mae angen datblygu cysylltiadau agosach â'r cwmnïau annibynnol a gyda thîm BBC Studios i sicrhau ein bod ni'n edrych yn fanwl i weld lle mae'r dalent ysgrifennu a'r

**Mr Davies:** Certainly, the intention behind the change is to ensure that there is a focus to that debate between the producers and the commissioners. To date, most of the network commissioning team have been in London, so there is a need to develop closer links with the independent companies and with the BBC Studios team to ensure that we do look in detail to see where the

talent i gynhyrchu, ac ystyried a oes yna ffyrdd creadigol o gynyddu'r nifer o ddramâu sy'n portreadu pob rhan o Brydain.

writing talent is and the production talent, and consider whether there are creative ways of increasing the number of dramas that represent all parts of Britain.

11:30

[293] **Jeremy Miles:** Ond y dechneg i gyflawni hynny yw lleoli'r comisiynydd yng Nghymru, yn hytrach nag unrhyw beth arall.

**Jeremy Miles:** But the technique for achieving that, of course, is locating the commissioner in Wales, rather than anything else.

[294] **Mr Davies:** Buaswn i'n licio dweud mwy am hynny ond, yn amlwg, mae Piers Wenger ar fin cychwyn, felly mae'r union strwythur i wireddu'r ymrwymiad yma yn dal i'w benderfynu. Ond dyna ydy'r bwriad.

**Mr Davies:** I'd like to say more about that, but, clearly, Piers Wenger is about to start in post, so the exact structure in order to deliver this commitment is still to be decided. But, that is the intention.

[295] **Jeremy Miles:** Océ. Mae'r ail gwestiwn am y berthynas rhwng BBC Cymru a BBC Studios. Beth fydd y berthynas rhwng y ddau?

**Jeremy Miles:** Okay. My second question is about the relationship between BBC Wales and BBC Studios. What will that relationship be?

[296] **Mr Davies:** Jest i esbonio i bawb—ac rwy'n ymwybodol eich bod chi wedi bod i lawr i Roath Lock i gael gweld y gweithgareddau yna—fod hwn yn newid sylfaenol i'r BBC. Hyd yn hyn, o ran y rhwydwaith, mae 50 y cant o'r gwariant wedi ei warantu i'r timau mewnol, ac rydym yn symud, o dan y siarter newydd, i fyd lle mae yna gystadleuaeth agored 100 y cant. Felly, mi fydd y timau cynhyrchu teledu ar draws y BBC yn symud i mewn i uned newydd sy'n gweithio ar sail fasnachol *not for profit*, i greu arian i ailfuddsoddi i'r BBC, ond yn gweithredu o dan egwyddorion

**Mr Davies:** If I can just explain to everyone—and I'm aware that you've been down to Roath Lock to see the activities there—this is a fundamental change for the BBC. To date, in terms of the network, 50 per cent of expenditure has been guaranteed to internal teams and, under the new charter, we will move to a scenario where there will be 100 per cent open competition. Therefore, the tv production teams across the BBC will move to a new unit working on a commercial basis, a not-for-profit basis, to generate funding that can be reinvested in the BBC, but they will

masnachol. Felly, mi fyddwn ni, fel BBC Cymru, yn gomisiynydd a hefyd yn gartref i'r timau BBC Studios. Felly, bydd y tîm BBC Studios drama yn Roath Lock a bydd tîm BBC Studios ffeithiol yn y pencadlys newydd yn Central Square. Ni fydd y comisiynwyr; byddan nhw'n gweithredu fel uned annibynnol o fewn y BBC.

[297] **Jeremy Miles:** Beth ydych chi'n rhagweld bydd effaith BBC Studios ar yr ecoleg gynhyrchu annibynnol yng Nghymru?

[298] **Mr Davies:** Wel, nid yw gymaint ynglŷn â BBC Studios; y newid sylfaenol yw, o fis Ebrill ymlaen, mi fydd holl gronfa comisiynu y BBC ar gael i'r sector annibynnol. Hyd yn hyn, os cymerwch chi ddrama neu ffeithiol neu unrhyw faes o ran darpariaeth rhwydwaith, mae 50 y cant o'r arian yna wedi ei glustnodi yn awtomatig i'r timau mewnol. Mae hynny'n diflannu. Felly, mae'r cyfleon i'r sector annibynnol yn aruthrol.

[299] **Jeremy Miles:** Ac mae'r risg i BBC Studios yn uwch.

[300] **Mr Davies:** Wel, mi fydd llwyddiant neu aflwyddiant BBC Studios yn ddibynnol ar y talent o fewn BBC Studios. Y newid arall, wrth gwrs, yw y bydd gan BBC Studios y gallu i gynnig syniadau i nifer fawr o ddarlledwyr eraill. Ar hyn o bryd, os ydy rhywun yn Roath Lock yn cael

work under commercial principles. Therefore, we as BBC Cymru Wales will become a commissioner and also we will house teams for BBC Studios. So, BBC Studios drama will be in Roath Lock and factual will be in the new headquarters in Central Square. We will be the commissioners, and they will be working as an independent unit within the BBC.

**Jeremy Miles:** What do you foresee will be the effect of BBC Studios on the production ecology in relation to independent companies in Wales?

**Mr Davies:** Well, it's not so much about BBC Studios; the fundamental change is that, from April onwards, the whole commissioning fund of the BBC will be available to the independent sector. That is to say, to date, if you look at drama or factual or any other area in terms of network provision, 50 per cent of that funding has been automatically allocated to internal teams. That will disappear. So, there will be huge opportunities for the independent sector.

**Jeremy Miles:** And the risk to BBC Studios is higher.

**Mr Davies:** Well, the success or failure of BBC Studios will depend on the talent within BBC Studios. The other change, of course, is that BBC Studios will have the ability to pitch ideas to a number of other broadcasters. At the moment, if someone in Roath Lock has an excellent idea, but the

syniad gwyh, ond nid yw drama commissioner in the BBC in comisiynydd drama y BBC yn London doesn't like the idea, then Llundain yn hoffi'r syniad, mae'r that idea is dead and buried. Under syniad yna'n marw. O dan y newid this change, BBC Studios will have yma, mi fydd y gallu gan BBC Studios that ability to take those ideas to any i fynd â syniadau i unrhyw ddarlledwr broadcaster on a global level. byd-eang.

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

**Jeremy Miles:** Thank you.

[302] **Bethan Jenkins:** Lee.

[303] **Lee Waters:** Yes, thank you. I was just looking to return briefly to news, and just a brief status update, if you would. The idea has been knocking around for a couple of years now of an opt-out on Radio 2's news to give a slot for Wales. Where is that at the minute?

[304] **Mr Davies:** I'll bring Gareth in here as well, but I think it's worth just stepping back, because I think, clearly, the director general has made a commitment on English—

[305] **Lee Waters:** He's made several commitments.

[306] **Mr Davies:** Well—. The issue we face now is that the charter has been settled, we know the financial parameters, and there are a whole number of ideas that are stacked up in terms of new investment priorities. I think what the director general and the executive board of the BBC want absolute clarity on first, before making any funded commitments, is: how is the £800 million in savings going to be made? So, we have done some development on ideas like the Radio 2 proposal, we've looked at Radio 1 as well, we've looked at what new investment we need into digital news services, into *Wales Today*, into news gathering, into specialisms. We have a view that there are areas where we would like to prioritise new investment, as have all other divisions. So, whilst there is the promise of new funding, I think, in terms of good management, the first question we have to get to is: does the BBC have confidence in how we're going to deliver the £800 million saving before it makes clear, precise commitments in terms of new investment?

[307] **Lee Waters:** Oh, I see, so the much anticipated extra money for English-language content would have to pay for the Radio 2 development; that wouldn't have to come from within Radio 2.

[308] **Mr Davies:** No, what I mean is that, if you look at the £800 million the BBC needs to find to live within its means, there are a number of priorities that the director general has—and he's talked about English-language television already, and he's talked about news—but in terms of on the exact level of new investment into those areas, we can only find that money for new investment by taking it out of other things that we're doing. There is no new money; there's no magic pot. So, we need to identify how we're going to find the £800 million before we're able to—

[309] **Lee Waters:** So, any Radio 2 changes would have to come out of the Welsh pot, would they?

[310] **Mr Davies:** No. It's not about the Welsh pot—it's about the BBC pot. There is no new money in the BBC pot, so anything that we want to do additionally to what we're currently doing has to be found out of existing BBC—

[311] **Lee Waters:** How much would that Radio 2 change cost?

[312] **Mr Davies:** It would depend on how you did it; there's a distribution cost, because you'd need to deliver a second stream across, potentially, DAB and FM in Wales. That's probably in the order of £0.5 million. And then there's an editorial cost for delivering the bulletin on top of that.

[313] **Lee Waters:** Right. So, it's relatively modest in the grand scheme of things.

[314] **Mr Davies:** Yes, but all investment priorities in isolation can look modest; there is a very significant number of investment priorities that the BBC will want to look at in its totality before it identifies which ones it's able to support.

[315] **Lee Waters:** So, how are you weighting them, then, in terms of their impact?

[316] **Mr Davies:** English-language television for me feels like an absolute priority. Tony's talked about the deficits in that area. I think that needs to be a very clear priority for BBC Wales. But to go back to the comments I made earlier, I think we have to make changes in news provision as well, and we have to get to a greater number of Welsh speakers. So, I would argue that

they're both priorities, but I don't know yet what funding investment may be available.

[317] **Lee Waters:** So, when do you think we might have a decision on that?

[318] **Mr Davies:** Well, just to look at it through a BBC Wales lens, we've just announced the savings challenge we face—about 2 per cent per annum, which is about a £9 million per annum saving by 2021. That work we're doing now, to identify how we might get to that savings number, is being replicated in every division across the BBC. So, I suspect in terms of the savings, Gareth, it's probably going to be two or three months before we've got absolute confidence in how that £9 million challenge is going to be met.

[319] **Mr Powell:** The BBC is committed to delivering this £800 million savings figure over the next five years. The biggest element within that reflects the licence fee settlement, but that number also represents an amount for reinvesting. So, the BBC is committed to going on a journey to deliver those savings, and that will create an investment fund. I'd agree with Rhodri in terms of the timescale. In some ways, it's early days, but there is a plan. We as BBC Wales, the same as every other part of the BBC, will be committed to finding those savings—£9 million for us. The £800 million is very broadly about 20 per cent of licence fee revenues. The £9 million that we're challenged with finding is probably about 10 per cent of our controllable cost base. In addition to that, obviously, we hope to get this reinvestment, but the BBC does have a very strong record on efficiency, which makes it, obviously, harder to deliver further efficiencies down the track, and BBC Wales is no different to that.

[320] So, it's going to be challenging; we're going to be looking at areas like the numbers of senior managers and administration support. We've been there before, so it's going to be really tough. But we're also going to have the opportunity of the investment in Central Square, the new BBC headquarters, which is absolutely going to provide us with opportunities to work in different ways, to work more efficiently and generate savings. We clearly don't have those opportunities now.

[321] **Lee Waters:** Sorry—my question was about when we might have a decision on Radio 2.

[322] **Mr Davies:** In terms of new investment priorities, I'm not expecting to have those issues clarified until the BBC is confident about how the £800

million is being developed. I wouldn't like to put a guess on it. I can tell you that, from a BBC Wales perspective, in terms of the efficiency process that we're currently going through, I think it's going to take us another two or three months locally. I couldn't tell you where the other divisions are in that process.

[323] **Lee Waters:** Goodness. Okay. That's a disappointing answer. One further area, Chair, if I might. So, Ofcom are now going to have a role in assessing whether or not the individual nations are well served with a secure provision of more distinctive output. Presumably, if that test was applied now, we'd be found wanting. I'd just like your thoughts on that. I'm just wondering how removing you one step further from the decision-making process, by putting a head of nations and regions—who was there before, pulled away and put back again—how that's going to help meet that Ofcom test.

[324] **Mr Davies:** I think the appointment of Ken MacQuarrie as the director of nations and regions in a sense reflects, if you look at the new charter agreement, this fourth purpose of reflecting nations and regions. It reflects the requirement to try and bring together some of the overall thinking. I can think of a whole number of areas within the BBC where that role can make a real difference. So, when we think about how we drive portrayal, we have a conversation about the challenges in Wales. I can tell you they're having the same conversation in other parts of the UK. So, that debate with network commissioners about what change we can drive and how we can accelerate process, I think will benefit from having somebody on the executive board of the BBC, driving that conversation on behalf of all parts of the BBC.

[325] **Lee Waters:** But weren't you there doing that?

[326] **Mr Davies:** Of course I was.

[327] **Lee Waters:** And now you won't be.

[328] **Mr Davies:** Well, I think one of the issues, if I can be frank with you, is that there are different voices for each of the nations, and sometimes, when you actually have common cause, it is better to have a singular view on it. So, the network commissioners understand the portrayal challenge across the UK and I think Ken, in that role, will be able to bring together all the thinking and all the voices across the UK and have a more powerful voice because he has the backing of all of the different parts of the BBC behind him.

[329] **Lee Waters:** So, you're confident that the former head of BBC Scotland, who's now in this role, will be batting for Wales?

[330] **Mr Davies:** I've known Kenny a long time. I think he's absolutely passionate about how the BBC serves audiences outside London and the south-east. I've absolutely no doubt he will be thinking hard not just about the challenges in Scotland but the challenges here too.

[331] **Lee Waters:** We shall see.

[332] **Mr Davies:** If it's useful to the committee, I'm sure Ken would be very happy to appear alongside the director general in November.

[333] **Bethan Jenkins:** Dawn's been waiting patiently also.

[334] **Dawn Bowden:** I kind of think that this has been answered in your response, Rhodri, to Lee, but I just wanted some clarity. We're talking about the £800 million savings, and you're saying we've really got to wait and see how that pans out in terms of where those savings fall, but there was a recent announcement—and you've just mentioned it in a reply to Lee—that you expect £9 million of that to be a shortfall in Wales. You also talked about £5 million of that being saved through content. I think you spoke about—

[335] **Mr Davies:** Three.

[336] **Dawn Bowden:** —three million, sorry, being limited to content and so on. So, although you're waiting for further information about the £800 million, you obviously already have a fairly good idea of what it is you're going to be expected to save, and so you've clearly got some thoughts and some ideas about that. So, could you perhaps share that with us?

[337] **Mr Davies:** Yes. I'll invite Gareth to come in on this, but very broadly, there's a £9 million challenge—it's a lower overall challenge than other divisions are facing across the BBC, but it's undoubtedly challenging. I see it in three parts. There's an opportunity around Central Square, which will enable us to simplify the ways we work because we'll have technology that is up to date and modern. There is no doubt that will enable us to work in different ways. We think if we push that hard, that can deliver about £3 million out of the £9 million savings challenge. We think, by looking at management cost—I've already announced a number of managerial

changes—looking at our support service costs and looking at how we manage inflation in terms of what we buy and our procurement, we can probably get to another £3 million. That leaves another £3 million, the final £3 million, for which we will need to look hard at content areas. It doesn't mean necessarily cuts in services. It may mean that we can identify further efficiencies—but it's tough, because we've been going through this savings ringer for the last nine years. That's why we've got to do this carefully, because the last thing the committee's going to thank us for is to secure new investment in one part of the forest whilst you see a diminution of service levels. We've got to get those two things in balance.

[338] **Mr Powell:** One of those new ideas, new ways of finding money, will come through our collaboration with S4C. So, one of the opportunities that Central Square will give us is that we'll be able to merge what are currently separate and independent play-out, transmission, broadcasting and technology services and facilities. One exists in Llanishen, one exists in Llandaff—they will come together in Central Square. BBC Wales will manage that service on behalf of both broadcasters. Clearly, that will allow us to save money.

[339] **Dawn Bowden:** But it's the savings from that that will be used for the investment in the—

[340] **Mr Davies:** No. De-couple these two things. All the divisions have to contribute to the overall efficiency challenge the BBC faces. So, broadly, we're all looking at a number—our number is £9 million. As part of delivering the overall savings, the director general, I think, has said publicly he wants to identify—free up—about £150 million that can then be allocated to, potentially, new priorities, and that's where the discussion around what potential new investment each of the nations would get happens. So, it's not a case of us simply delivering £9 million directly to reinvest into local ideas.

11:45

[341] **Dawn Bowden:** Okay, thank you.

[342] **Bethan Jenkins:** Suzy.

[343] **Suzy Davies:** Two questions—the first on what we are discussing at the moment. Clearly, the responsibility for finding the savings is firmly on your shoulders—'Get on with it', you've been told, effectively. But, with the

investment pot, is the same freedom being accorded to you on that, or are there centrally set objectives that you're expected to meet from that pot? How much freedom do you have over that?

[344] **Mr Davies:** We've got absolute freedom in terms of thinking about what our priorities are. I've talked already about what I think those are. Where the new unitary board will play in is in looking at the totality of all the priorities that different parts of the BBC develop and look at the art of the possible. So, absolutely, each of the nations has been thinking hard, separately, about what they think is right in terms of developing the services for each nation. But, it is a unitary organisation—in the end, the executive committee or the unitary board of the BBC will take a view.

[345] **Suzy Davies:** My second question is related, and Lee's touched on it a little bit. We've just taken evidence from ITV that basically says, 'It's a meritocracy—whoever's got the best idea, regardless of where they come from in the country, gets the commission'. There's a different dynamic at play here, because there's an obligation to reflect the nations and regions, but there's still going to be an internal competition between you all about who gets commissioned, presumably. At which point does a really good BBC Wales idea get trumped by a mediocre north-east idea, simply because the north-east hasn't been represented in a given period?

[346] **Mr Davies:** That's a good—. I haven't seen that mediocre idea, but let's assume it exists. [*Laughter.*] It's a fair question. Every divisional leader—every director in the BBC—will look at you straight in the eye and tell you about the compelling new investment priority they have. The truth is that we're dealing with finite resource, and we're dealing with finite resource that is declining. So, in the end, the executive committee is going to make some hard choices. I think what gives me confidence is that, in terms of the BBC's existing services, English language television in Wales is one of the very few areas where the director general has made a clear statement that that will see additional reinvestment. I absolutely understand why you would want to push me on what that level of investment is, and I will talk forever about why we're going through the savings process and why that takes time, but that is an explicit commitment the director general has made.

[347] **Suzy Davies:** We'll press him on that, I suspect.

[348] **Mr Davies:** I'm sure you will.

[349] **Suzy Davies:** Thank you. Diolch.

[350] **Bethan Jenkins:** I've just got a brief question following on from this, before I bring Neil Hamilton in. It's about, really, whether you've reflected on the recommendations of the previous committee in relation to not only the drama commissioner being located here but other suggestions as to devolving governance or structures down to Wales for you, or whoever will succeed you, to have, potentially, more control, a dedicated BBC Wales licence or other forms of suggestions that we had at the time. Have you had a chance to think about that?

[351] **Mr Davies:** There are a number of things that are under consideration. One, for example, which Tony may want to talk about in November, is looking at how local commissioners or commissioners based in the nations—our existing commissioning teams—might commission directly onto network channels. So, at the moment, the programmes that go out across the UK are chosen by network commissioners. Would there be opportunities, not just on the smaller channels but on the main channels—BBC1 and BBC2—for us to commission directly onto those services? So, rather than a long arbitrational negotiation between local and network, you start to loosen that up a little. I think we're making progress on that, but I'll allow Tony to detail that a bit more.

[352] **Bethan Jenkins:** Thanks. Neil.

[353] **Neil Hamilton:** The latest figures that I've seen are that, in 2014–15, Wales secured 7.8 per cent of the BBC network spend on television, which seems a pretty good result for Wales, considering that on a population basis, it wouldn't be 7.8 per cent but 4.9 per cent. Is this just a testament to your brilliant advocacy within the BBC—

[354] **Mr Davies:** Yes, it is. [*Laughter.*]

[355] **Neil Hamilton:** —or can you shed some light on the reasoning behind this?

[356] **Mr Davies:** It's testament to what's been achieved in Wales in the last 10 years. If you go to any other region or nation of the UK outside of London they look at what's been achieved in drama production in Wales and envy the success that's been achieved. It happened for reasons that are well documented by a number of key talents, including Russell T. Davies

launching *Doctor Who* here in 2005, and steadily building up a talent base that could deliver not just for the BBC, but for a range of international broadcasters. So, the fact that *Doctor Who* is here now, the fact that *Sherlock* is here, the fact that *Casualty* is here and the fact that there's a third series of *Hinterland*—this is a success story in the most precious and valued genre of all, drama, which I think is a source of real pride. Roath Lock is part of that story, and the BBC is a big part of that story, but it's not our story alone now. When you look at the Pinewood project, if you look at international investment from the likes of Fox and others, it is an extraordinary, rapid development of a critical mass of talent, and our job is to make sure that we continue to build on that momentum.

[357] **Neil Hamilton:** Well, I think we were all impressed by what we saw when we visited Roath Lock the other day. I certainly hadn't appreciated the breadth of activity that goes on in Cardiff today, and that's very encouraging for the future.

[358] **Mr Powell:** You would have experienced 650 to 700 people working in just that facility, in Roath Lock studios, generating £40 million to £50 million of business every year—as Rhodri says, the wider effect of what I guess you'd say is the BBC's seedcorn investment in high-end television production, leading to a corridor from Swansea and Bridgend through Cardiff and to Chepstow of drama production. As Rhodri says, that's not just about the BBC, but the BBC is obviously a very important catalyst and economic driver for the development of that production.

[359] **Mr Davies:** I think you might cite Salford as well, in terms of the BBC, but it is I think a very good example of where public money can catalyse a much wider creative benefit. I think the fact that now that success story hinges on a whole range of partners, much, much bigger than the BBC—I think that should give us real confidence that the success is sustainable.

[360] **Bethan Jenkins:** Thank you for that question. I just want to follow on a bit from that, though, because you would have heard previously that people have said, obviously, that we welcome those programmes being based in Wales, but they don't reflect back people's lives in how they're portrayed. On the previous committee we were asking about how we would measure any improvements or any developments in portrayal. Have you looked at that? Because, obviously, we would be keen to see our lives reflected back at us more often. When you watch *Casualty*, it may be based here, and you may see some streets of Cardiff that are used on the show, but it wouldn't

necessarily mean anything to our lives.

[361] **Mr Davies:** I think, to be honest, the measure here—I mean, I think we'll see across all the network genres a focus on objectives and key performance indicators and all the measures you would expect, but, in the end, the measure is what you see on screen. There is no doubt there's work to do, but, as I said, we have four major network dramas set in Wales playing out over the next three or more months. We have a huge—the biggest—international success for a Welsh-set drama coming back on S4C in the next few weeks, and then on the BBC in the new year. There's real success there—there is real success there—but we've got to do more, and that's why I think having these network commissioners for each of the devolved nations, that's why I think Writers Room, all these changes, help ensure that the pipeline of ideas is strong.

[362] **Bethan Jenkins:** Got to do more, and I think we hope that won't have to keep asking for that time and again, that we will see action from it. I think that's something that's animated many of us.

[363] **Mr Davies:** If I may say, the scrutiny of this committee and holding our feet to the fire on this is absolutely the right thing to do. We've got to—. We've been very clear on this: we have got to raise our game. But I don't accept the analysis that there isn't good work happening. There is.

[364] **Bethan Jenkins:** Oh, no. I'm not sure who said that.

[365] **Mr Davies:** No, no—I was criticising myself.

[366] **Bethan Jenkins:** Jeremy wants to come in.

[367] **Jeremy Miles:** Thank you. The productions that you have based in Roath Lock, obviously the future of those productions are going to be editorially driven, aren't they? It is the success of the show that will determine it and nothing else, presumably. So, with the move to the new BBC Studios structure, how dependent is the long-term future of the Roath Lock facility on the level of success that BBC Studios achieves in this new competitive environment?

[368] **Mr Davies:** In a sense, although it needs to work on a commercial footing, going forward, it's the same as it's ever been. Success, in the end, depends on having great creative talent with the right ideas. It's true we have

these targets; we have this 17 per cent number of network spend that has to happen in the devolved nations, but *Casualty* didn't come to Cardiff because of a box-ticking exercise, it came because of the confidence that *Doctor Who* and *Torchwood* and those types of productions gave the BBC that combining *Casualty* into that mix would help build on existing success. So, you can regulate it and bean count it as much as you like: in the end, it's about having the right people on the ground with the right creative flair, and that will be as true in studios as it has been over the last 10 years.

[369] **Bethan Jenkins:** Dai.

[370] **Dai Lloyd:** Just briefly, following your point, Chair, in terms of, yes, we're very pleased that *Doctor Who* and *Casualty* and all the rest are being made here, but, as Bethan mentioned, a reflection of Wales isn't very prominent in it. It could be, actually, made anywhere other than you see 'BBC Wales' on the footnotes at the end. Nobody's advocating bilingual Daleks or anything—[*Laughter.*]—even though Lee did want to audition last week when he was around there. But surely there are subtle ways that the fact that it's been filmed in Wales is actually reflected in the script somewhere, where it's not at the moment.

[371] **Mr Davies:** I accept that and I accept—. I think I've said to committee before that I want both. I think it's a real badge of pride for Wales. When we talk about 'we want a world-class Wales', there are aspects of our creative industries that are utterly world class and we should prize that and we should sustain that development. But you're absolutely right, side by side with that success, we need to speak to Wales with our own stories about our own people. That is why this focus on portrayal is so important.

[372] **Bethan Jenkins:** Lee wants to come in.

[373] **Lee Waters:** Two quickies on a different subject, if I might. One is the commitment to create nations' homepages for the BBC News website iPlayer homepage. How will that improve provision?

[374] **Mr Davies:** It'll manifest itself in a number of ways. So, for example, you may have seen in the last couple of weeks that the sign-in process on the BBC has been changed quite radically. So, now, when people use the BBC online, we collect their postcode details and what that will enable us to do with greater levels of technical personalisation is identify where somebody is and therefore your initial experience on going into iPlayer or BBC Sport or

BBC News will reflect a better blend of what matters on a UK stage or globally and what matters in the devolved nation. In terms of first steps, I think you'll see in the next couple of months an additional slice of nation stories on that first homepage. But technology and the algorithms are moving so fast that the notion that you just publish four rigid homepages—one for each of the devolved nations—probably isn't the answer. It's about understanding who the user is, what their passions are and where they are and then being able to blend intuitively on that homepage to reflect that interest.

[375] **Lee Waters:** Okay. Thank you. On a different subject, local TV, you're currently having some of your funding top-sliced to give to Made In Cardiff and Bay TV Swansea. That's, as I understand it, tapered to end at some point.

[376] **Mr Davies:** That's right, yes.

[377] **Lee Waters:** Do you have any reflections on how well that's going at the minute and whether or not you might be expected to contribute more in the future?

[378] **Mr Davies:** I don't believe there are any funding commitments under the new licence fee agreement. I think it's been phenomenally challenging. We've worked as collaboratively as we can with the operations, but the commercial opportunity clearly varies from city to city and I think a number of the operations have faced real difficulty. So, I think that's challenging. I thought that at the outset. It was, I think, Jeremy Hunt's big idea, wasn't it? But it's partly a reflection of, if I may say—it's partly a reflection of the quality of British broadcasting that the benchmark in terms of how you deliver is so high and the commercial opportunities on a local level are so slight that it's very difficult to play in. I've seen some good stuff on Made In Cardiff and we've partnered with them on the recent series *City Road*, so it's not a criticism of the operations; I just think the economic model is very, very challenging.

[379] **Lee Waters:** So, you'd anticipate they wither on the vine.

[380] **Mr Davies:** I don't know. I think, in some areas—and the places elude me—I think we are seeing a number of the operations find a sustainable model, but I think it's quite a variable picture across the UK.

[381] **Bethan Jenkins:** Can I just move on to another issue with regard to—I'm not sure where it's at—journalists from the BBC potentially being based

in other operations across Wales? I know that's come, in my mailbox, as a bone of contention. We raised it with the *Western Mail* when we went there in relation to potentially them—well, they said that they wouldn't do it—removing some of their own journalists from certain activity if, then, they knew that the top-up was happening from BBC. Can you give us an update on that and whether you support it?

12:00

[382] **Mr Davies:** Yes. So, I think there are two aspects to how we want to partner up with the press. One is an idea called 'news bank', which is very straightforward. It means that the audio and the video that we collect through our newsgathering systems are made available to other publishers. It happened recently very, very effectively with the Great North Run in Newcastle. It just means that, where we have that footage available, you allow other publishers to access it. The other idea is this idea of a network of I think about around 150 additional journalists, funded by the licence fee, who are essentially working across the press and the BBC to improve coverage of towns, cities, local authorities—which have really suffered in terms of scrutiny of local authorities in terms of the contraction in that market—150 based across the UK. We're still in discussions with, I think—. I can't remember who the partner is. I think it's Newspaper Society. We're still in discussions about how that mechanic would work. You're right to have the reservation around what would be the unintended consequence of that, but I think if the outcome is better, improved scrutiny of particularly local democracy, including in Wales, that's a benefit worth chasing, and I think—

[383] **Bethan Jenkins:** Do you think that that's for the BBC to do? Because, obviously, we're talking about plurality. Is it for the BBC to be trying to sort of paper over the cracks of diminishing news provision in other outlets across Wales?

[384] **Mr Davies:** I think the scale of the licence fee, and the scale of the BBC, means that we should be looking wherever we can to support the wider media ecology. So, I think it's absolutely right that we sit down. We know the structural challenges facing the print world. The BBC can't solve that problem, but where we can be helpful and where we can make our assets and our content available to them, and where potentially in areas where neither the BBC or the press have people on the ground—council reporting is quite scarce, for example—I think that that's something worth pursuing. I don't know how the negotiations will conclude, but it seems to me that that could

be a win-win.

[385] **Bethan Jenkins:** Okay. We'll keep a close watching eye on that. My final question, then, if other Members haven't got one is, with regard to the—. Obviously, the non-executive director from Wales will be on the BBC board. We just wondered—obviously, the Welsh Government and the UK Government will be having a conversation about that—whether you think that it would be a good idea for this committee, potentially, to have confirmation hearings in relation to that post.

[386] **Mr Davies:** Yes, I was just swotting up yesterday. I think the understanding, as far as the charter framework is, is that the Welsh Minister will approve the appointment, if I've got that right. I think what arrangements the National Assembly and Welsh Government make about levels of scrutiny is a matter for you to discuss with Ministers, rather than for me to get involved with.

[387] **Bethan Jenkins:** I predicted that answer, but I thought I'd ask it. *[Laughter.]*

[388] **Mr Davies:** But, just to add on that, the other thing that I think Tony and I have both talked about in this new model is the importance of trying to come up with a licensing framework with Ofcom that brings all the Welsh commitments together. Because, in terms of me being scrutinised—or BBC Wales being scrutinised—by the unitary board or by the non-executive director, having a clear statement, a clear encapsulation, of what the BBC's public commitments are to Wales in a single licence we think is a good idea. Ultimately, it'll be a decision for the new chair of the BBC in discussion with Ofcom. But, certainly from an executive point of view, I'd say that that could be a major benefit in terms of improving accountability, and also just being clearer what our commitment is to Wales.

[389] **Bethan Jenkins:** Diolch yn fawr. **Bethan Jenkins:** Thank you. Are there any other questions, as we began A oes yna gwestiynau eraill, achos fe any other questions, as we began wnaethom ni ddechrau yn hwyr, so, late? If there aren't any more os oes unrhyw beth arall—? Na. *Fine.* questions—. Everybody's asked their Mae pawb wedi gofyn eu cwestiynau. questions. Thank you very much for Diolch yn fawr iawn i chi am ddod i coming in today. mewn heddiw.

[390] **Mr Davies:** Diolch yn fawr.

12:04

## Papurau i'w Nodi Papers to Note

[391] **Bethan Jenkins:** Rydym yn symud ymlaen i eitem 6 ar yr agenda. Mae gyda ni bapurau i'w nodi. Mae gyda ni ateb gan Ysgrifennydd y Cabinet dros Addysg ar addysg Gymraeg yng nghyd-destun yr hyn sydd yn digwydd o ran Donaldson. Felly, mae hynny i'w nodi. Mae gyda ni ateb gan Ysgrifennydd y Cabinet dros yr Economi a'r Seilwaith ar waith craffu cyffredinol, a llythyr, fel rydym ni wedi sgrwtineiddio yn barod, gen i at gyfarwyddwr y BBC am yr arbedion o £9 miliwn y flwyddyn erbyn 2022.

**Bethan Jenkins:** We now move on to item 6 on the agenda, and we have papers to note. We have a reply from the Cabinet Secretary for Education on Welsh language education in the context of what's happening in terms of Donaldson. Therefore, that's to be noted. We have a reply from the Cabinet Secretary for Economy and Infrastructure on general scrutiny and a letter, as we've scrutinised already, from myself to the director of BBC Wales regarding the savings of £9 million per annum by 2022.

[392] Rydym ni wedi cael llythyr gan y Gymdeithas Amgueddfeydd, ataf i fel Cadeirydd, am adroddiad Randerson; llythyr gan Amgueddfa Cymru ataf i ynglŷn â Cymru Hanesyddol; llythyr gan Amgueddfeydd Cenedlaethol Lerpwl ataf i am Amgueddfa Cymru. Hefyd, rydym ni wedi cael lot o gyfathrebiaeth sydd ddim wedi gallu mynd ar yr agenda ffurfiol oherwydd amser yr e-byst yn dod i mewn—gan bobl fel Wendy James a Dai Smith, gan Richard Carter, Cyfeillion Amgueddfa Cymru. Beth roeddwn i eisiau ei gynnig i Aelodau oedd, pe baem ni'n gallu cael yr amgueddfa i mewn yn weddol glou jest er mwyn clywed yr hyn sydd yn digwydd yn y sector, ac unwaith i ni glywed

We have received a letter from the Museums Association, to me as Chair, on the Randerson report; a letter from National Museum Wales to me on Historic Wales; and a letter from National Museums Liverpool to myself on Historic Wales. We've also had a lot of correspondence that hasn't been able to be placed on the formal agenda because of the time when these e-mails have arrived—people such as Wendy James and Dai Smith, from Richard Carter, Friends of National Museum Wales. What I wanted to propose to Members was that if we could get the museum in quite quickly just to hear what is happening in the sector, then, once we've heard from them and perhaps the Minister or the person who's

ganddyn nhw ac efallai'r Gweinidog neu'r person sydd yn mynd i fod yn cymryd y gwaith yma yn ei flaen, y gallem ni benderfynu a ydym ni eisiau naill ai ysgrifennu llythyr neu wneud rhyw fath o ddarn o waith byr. Mae e jest lan i chi. Roeddwn i'n meddwl, gan ein bod ni wedi cael eithaf lot o gyfathrebiaeth ar y peth y byddai fe'n anghywir i beidio â chael rhyw fath o drafodaeth am ryw ddarn o waith y gallem ni ei wneud, neu gymryd tystiolaeth i fwydo i mewn i'r broses hynny. Felly, rwyf i jest eisiau clywed gan Aelodau a fydden nhw eisiau gwneud rhywbeth neu glywed gan yr amgueddfa neu Cadw.

going to take this work forward, we could decide whether we want to write a letter or do a short piece of work. It's just up to you. I just thought, as we've had quite a lot of correspondence on this, it would be wrong of us not to have some sort of discussion on a piece of work that we could undertake, or take evidence that we could feed into that process. I just wanted to hear from Members whether they wanted to do something or hear from the museum or Cadw.

[393] **Suzy Davies:** Dyna beth roeddwn i'n mynd i'w ddweud. Rwy'n cytuno â hynny, achos byddai'n well i ni glywed gan yr amgueddfa a'r Gweinidog hefyd, ond hefyd efallai gan rai o'r partneriaid sydd efallai'n mynd i fod yn rhan o Historic Wales, jest i gael tipyn bach yn fwy o falans, dyna i gyd.

**Suzy Davies:** That's just what I was going to say. I do agree with that and I think we should hear from the museums and the Minister also, but maybe also from some of the partners who may form part of Historic Wales, just to have a bit more balance there.

[394] **Bethan Jenkins:** Dai.

[395] **Dai Lloyd:** I'd agree with that. In fact, I think, in the Chamber, the Minister has agreed to this committee carrying out a review. It's up to us to define the extent of that review but, being as the Minister has already said that he's happy for this committee to carry out a review into Historic Wales, we go for it.

[396] **Bethan Jenkins:** I was just thinking, in its initial stages, to try and get people in, to hear those voices and then—.

[397] **Dai Lloyd:** We're not talking six months' worth; we're talking about something short and sharp.

[398] **Lee Waters:** Can I just say, it's not for Minister to tell us what to look at? That is the first point. My only concern is that, clearly, there's a howl of anguish from the sector that someone's challenging their model, and I've no objection to us holding some hearings on it. My only concern is that the Minister has had an independent inquiry, he's now set up a process to reflect on that inquiry and come up with some proposals, so at what point in that process is it the best time for us to scrutinise and to hold him to account? I think there's a danger that we pile into a process because there are vested interests who are concerned—and I understand their concerns—before that process has had enough time to properly reflect on both the Randerson report and the PWC report. You know, you set up a process, and part of me thinks, 'Let's let that settle and reflect and then we come in with our considerations', rather than jumping into a process that has only just begun.

[399] **Bethan Jenkins:** I think I would disagree on the fact that—I think we can at least collect people's views and feed into that process. We're doing the same with the Welsh language—the strategy's out there at the moment and we are hoping to feed into that process as part of the committee's work.

[400] **Lee Waters:** The Welsh language strategy is out for consultation—that's the difference.

[401] **Bethan Jenkins:** Yes, but I think that it would be useful, would it not, if we could at least—it wouldn't have to be a large piece of work—we could send comments from those who are interested? I don't think they're animated for no reason. Obviously, they've contacted us. I was just thinking we could have an information-gathering session, raise those concerns, put it to the steering group and then watch the process go along as it is.

[402] **Dawn Bowden:** Would all these people be feeding into the steering group as well? So, is this going to be a duplication of what's already happening?

[403] **Suzy Davies:** It's about early influence, in my view. What I don't want us to be is, at the end of the process, jumping up and down about something that's already pretty much set in stone.

[404] **Dai Lloyd:** That's why I quoted the Minister. The Minister actually agrees with this committee looking at it now in some form. I'm quite happy with some sort of limited questioning in one day—I'm quite happy with that.

The Minister was relaxed about it, agreed with it in Chamber.

[405] **Lee Waters:** I'm not overly bothered. The Minister's view—

[406] **Dai Lloyd:** I'm impressed by your stout defence of the Minister even though you accused me of agreeing with the Minister, but the Minister quite likes this idea.

[407] **Lee Waters:** My only concern—and I'm not going to push it; I'm just raising it for us to consider—is at what point in the process are we most effective at intervening? It seems to me the process is very early on, and is there a case for just seeing how it develops before we take a view?

[408] **Dai Lloyd:** That's very much a judgment call, isn't it? Because, as Suzy intimated, I think we've been sort of asked to get involved anyway. So, are we going to get involved now or are we going to get involved when everything is done and dusted? I would suggest we get involved now-ish.

[409] **Bethan Jenkins:** I think there's concern about how the debate is framed around Cadw and the national museum at the moment, when other potential heritage organisations, such as the library, may be involved down the line. I would not want to feel that we hadn't put our voices forward if we are then consulted on a model and we would have to be confined by that model. I think, at this point, it would be useful to put forward a wide array of views from the sector that could inform the work of the steering group further, so that they may have new ideas that they haven't thought about. I think people are quoting Jenny Randerson, but, actually, what they're proposing to do is not what Jenny Randerson had intended. So, I think it would be right and proper then to hear from people, to put forward those ideas, really.

[410] **Jeremy Miles:** If there is a process by which these participants are going to be participating anyway, it doesn't seem to me particularly useful to duplicate that process, unless we're doing something else with it. So, if we're going to form a view or provide some additional value to that process, I'm all for it, but providing two opportunities to say the same thing seems to me a waste of time, personally. But then I'm not saying 'no', because I think there possibly is a role for us to draw something out of it. I'm not sure what form that takes is the only thing.

[411] **Suzy Davies:** That's perfectly valid. We can't be here just to duplicate stuff, but this strikes me as a potential—. It's like the equivalent of pre-

legislative scrutiny, if I can put it like that. So, a Government will go off and do whatever it's going to go and do, but we might have views from similar or different witnesses who might just be able to bring something new to the table, which is why I'm suggesting it doesn't need to be a big, long thing.

[412] **Jeremy Miles:** I think if it's different witnesses who might not have access to that forum, I'm absolutely all for that. Also, if we're going to provide some conclusions rather than simply reflect what we've been told, I think that's valuable. I just think we need to think about the process a little bit.

[413] **Bethan Jenkins:** I think we've got to give ourselves a bit of credit, though. I think, if we would be taking evidence, we wouldn't necessarily just be totally regurgitating what they would be telling us, but would come to our views as to potentially what that vision would be for Historic Wales, because, of course, there's varying views around the table in that sector as to what it could look like.

[414] **Jeremy Miles:** That's fine. So, what we do need is sufficient material to form that view, rather than simply passing on what we've been—.

[415] **Suzy Davies:** A clear terms of reference.

[416] **Jeremy Miles:** If it's a quick session, there might not be enough material for us to actually add the value you're describing. I don't know.

[417] **Suzy Davies:** Two days.

[418] **Bethan Jenkins:** We can decide that, I think. I'm just trying to propose that we at least try and initialise some sort of information gathering, and then we can decide to do very long term or we can decide to do something very simple and quick. So, it's really just that.

[419] **Lee Waters:** I think Jeremy's right. If we're going to do it, we need a range of voices, rather than just be a platform for a campaign that's already under way.

[420] **Suzy Davies:** I agree with that.

[421] **Bethan Jenkins:** Okay. So, is that all right? I think that's all the papers that I've got to note.

[422] **Bethan Jenkins:** I think now we can go into private session. So, thank you very much for all of your work today. Diolch yn fawr.

*Daeth rhan gyhoeddus y cyfarfod i ben am 12:13.*

*The public part of the meeting ended at 12:13.*