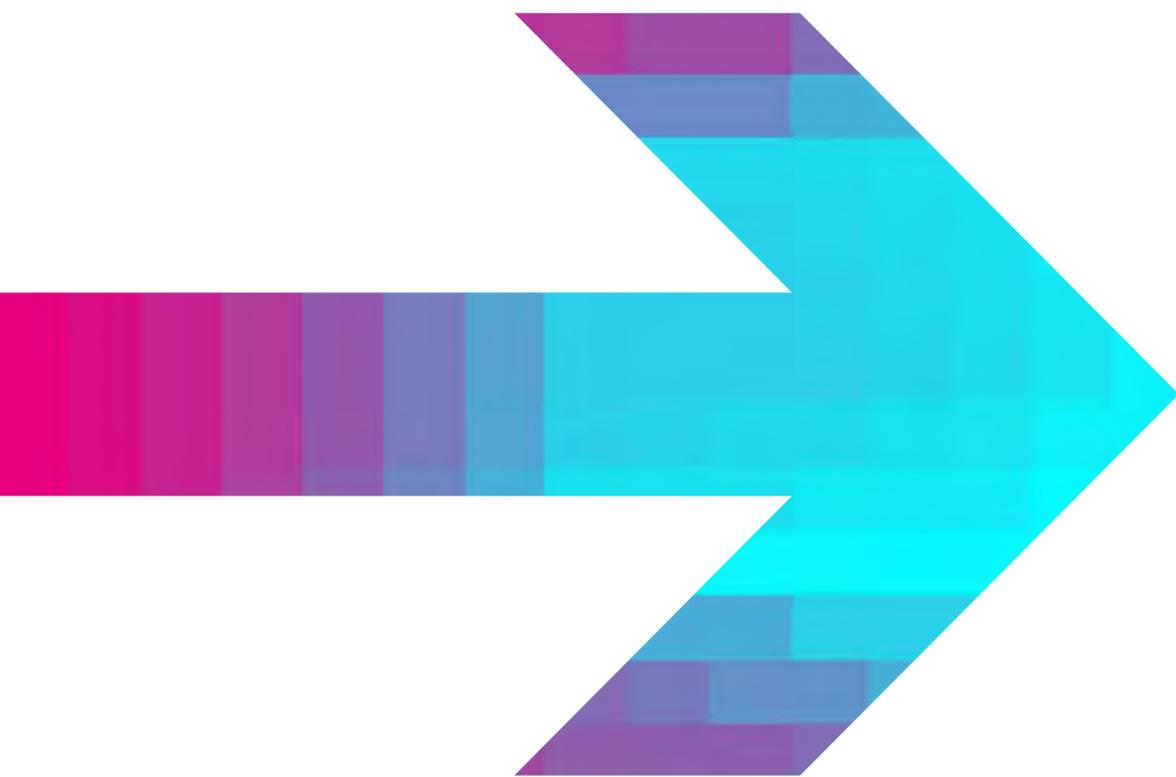




S4C: PUSHING THE BOUNDARIES

MULTI-PLATFORM
WELSH LANGUAGE
MEDIA SERVICE





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INTRODUCTION

Following a groundswell of demand from people in Wales, S4C was created in 1982 by the UK Government as the fourth British TV channel in Wales. Welsh speakers had long felt underserved in the British media and the arrival of S4C, with a clear and distinct public service remit to provide a full Welsh language broadcast television service, went a long way to addressing concerns and meeting demand.

S4C would not have existed had it not been for the voices of Welsh speakers, and since 1982 we have constantly listened to our audiences, working tirelessly to meet their expectations, to deliver a wide range of content in the Welsh language and to be relevant to their lives – all within the parameters of our original remit, periodic budget cuts and funding uncertainty.

We have not done this alone. Our key partners in this venture have been the BBC, ITV Wales and the independent production sector in Wales, whose creativity and talent, between them, are responsible for producing the wide range of programmes and the variety of voices which define our service.

Since 2013, our new relationship with the BBC, built on shared public service objectives, has created new opportunities for creative collaboration, enabled us to make S4C content available on BBC iPlayer, and ensured access to a crucial source of funding.

The last external review of S4C took place in 2004. A wide-ranging assessment of its purposes and needs is therefore overdue and to be greatly welcomed. **This document sets out S4C's vision for the next ten years and will be a key element of our submission to the independent review.**

Welsh is Britain's oldest indigenous language. As such it has great cultural, social and historical significance and we are proud of the central part that we play in allowing it to flourish. For over 30 years we have provided constant opportunities for people to hear and learn Welsh, and to be informed and entertained in Welsh. As a result, Welsh continues to be an active, vital, everyday language of contemporary social and commercial life in Wales. Today, our core audience is still mostly Welsh speaking – fluent and less-fluent Welsh speakers, living in Wales, elsewhere in the UK and even overseas.

Our investment in content creation has brought into being a thriving independent production sector which sustains jobs and economic growth across the country.

Continued UK Government support for S4C, and the widespread cross party support enjoyed by the channel, ensure Welsh speakers can feel their needs are being met in modern Britain.

However, 35 years on from when we launched as a public service broadcaster, the world in which we operate has changed beyond recognition. Television in its linear form remains vitally important, but the proliferation of ways in which people can now consume content, in various forms and across numerous devices in our connected world, means a broadcaster must aim for ubiquity. **To compete today we need to provide different types of content that can be viewed whenever and wherever the audience wants to view it and in whichever ways, and on whatever devices, they choose.** This is a basic expectation from audiences in the modern media world and one that our current remit constrains us from delivering.

Our audience today – and indeed tomorrow – is not the same as the TV audience in the 1980s. It is less homogenous and courted by hundreds of different TV and online channels. It is more content-savvy, constantly engaged with the latest technology, and has come to expect more.

S4C is passionately committed to being a creative, competitive and commercially minded provider of compelling, varied, entertaining and informative Welsh language content for many decades to come. We have a clear, workable vision for a future that is driven by the needs of a diversified audience and which has new types of content and new content delivery systems at its core. But we believe that the step-changes required to deliver this vision, as well as to create a closer two-way relationship with existing and new audiences, will require a clear, long-term view of our funding and accountability and a long-overdue update of our remit. **We want to evolve from being a traditional 20th century public service broadcaster into a provider of contemporary public service media content in the connected world of the 21st century.**

S4C has achieved a great deal in the past 35 years. We are ready for new challenges and keen to deliver so much more for our audience, the community, the economy and the creative industries in Wales.

Huw Jones
Chair

Ian Jones
Chief Executive

PRIORITIES TO BE ADDRESSED:

S4C needs an updated remit, moving away from the geographical and TV only restrictions to enable multi-platform Welsh language provision throughout the UK and beyond.

S4C's new remit needs to allow for **broader commercial powers** to drive additional revenue to help achieve our vision.

S4C needs to evolve, to be a **Public Service Media provider** – commissioning and delivering Welsh language content **ubiquitously** on the platforms people choose, be that linear TV, catch-up services, short-form and social platforms, or any other popular way of accessing audio-visual content.

As the only Welsh language TV service, S4C's brand and services need to retain **prominence** in a multiplatform world.

Plurality of provision within the Welsh media sector must be maintained – while strengthening this for those accessing content on digital platforms.

Investment need over coming years will be greater, to maintain real terms value of spend on content, and to sufficiently fund the vision for content creation and delivery set out in this document.

An open and transparent financial review process is needed to decide what funding is sufficient for S4C now and in the long term.

S4C should be allowed **stability of sufficient funding** over a specific and substantial period – in line with widely accepted common principles of public service media funding.

Plurality of funding needs to be safeguarded this has been vital for S4C's continued independence and for our ability to carry out our Welsh language remit.

Given the changing media (TV) environment and S4C's vision of the future the time is right to **review S4C's governance needs.**

EXECUTIVE SUMMARY

This document sets out S4C's vision for the next ten years and will be a key element of our submission to the forthcoming independent review of the channel's remit, funding and accountability.

In this executive summary we set out the key points outlined within the document chapter by chapter.

Chapter 1: S4C Today

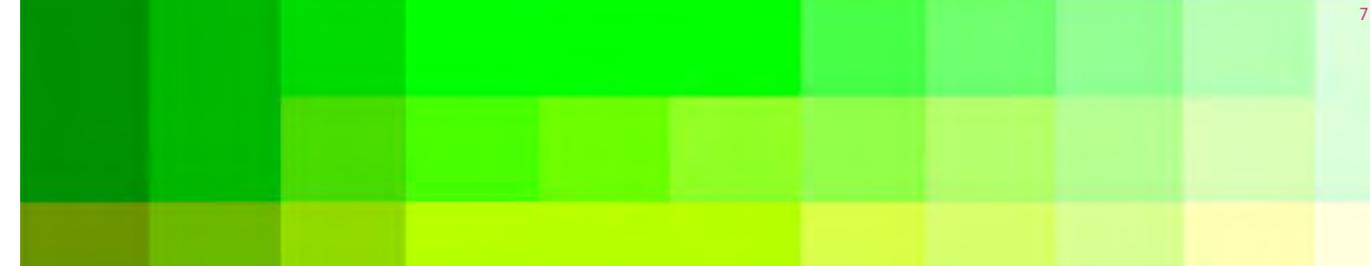
In the first chapter, we set out S4C as it is today. We consider the context within which we operate, how this has evolved in the 35 years since the channel was created and what this means for the S4C of tomorrow.

S4C Today

- S4C broadcasts more than 115 hours of programming every week, including a children's service, drama, news, entertainment, sport, factual programming, music and events.
- Our content reflects the diversity of life in modern Wales and of the Welsh speaking audience.
- S4C commissions the vast majority of our Welsh-language content from a wide range of skilled, independent production companies (around 50 each year over recent years), based throughout Wales.
- The economic impact of the public funds invested in the production sector and creative industries is significant – every £1 invested by S4C in the economy in Wales and the UK creates a total value of £2.09.
- The BBC also provides a minimum of ten hours of programming per week to the service from its own budgets.
- After broadcast, S4C programmes can be viewed via S4C's own online catch-up facility or on the BBC iPlayer - a result of the wider strategic partnership with the BBC.
- Our operation is lean, with organisational overheads maintained at around 4% and cost per hour of content reduced by over a third since 2009.
- The number of Welsh speakers in Wales has risen by more than 10% since S4C was launched in 1982. The language today thrives and is used by nearly three quarters of a million people in Wales and the UK to differing extents in their lives – at home, school, work and leisure.
- In 2015/16 we achieved our highest weekly UK television viewing figures in nine years, (629,000). Across the year, 9.9m people viewed S4C content throughout the UK (up from 8.4m in 2014/15)

The world is changing

- When S4C was launched in 1982, there were just four TV channels. Today there are hundreds – increasing choice and competition.
- Over recent years, there has been a huge increase in online platforms with audiences migrating to them from traditional TV channels.
- Other Public Service Broadcasters (PSBs) have been able to launch channels to target migrating audiences.
- In future S4C must ensure that we make Welsh language content available on as many platforms as possible.
- S4C's remit is old fashioned – created in line with media consumption habits from the past. It does not allow us to commission specifically for digital audiences.



Chapter 2: An S4C for Tomorrow – Our Vision

This chapter sets out in detail our vision for a new engaging and constantly evolving S4C in terms of the content we commission and how people access that content. We outline the steps we will take to provide modern and comprehensive public service media content to existing and new audiences.

Our vision is built on four key elements:

- Ubiquitous Content Delivery:** Ensuring audience segments can access S4C content when, where and how they want.
- Creating the Right Content:** Making it more relevant, competitive and diverse.
- Wider Public Service Value:** Bringing about economic, linguistic and educational benefits from our work.
- A commercial strategy to help drive the vision:** Enhancing our commercial capabilities and reputation.

Ubiquitous Content Delivery

S4C must become a Welsh language Public Service Media (PSM) provider on all popular platforms – broadcast, Smart TVs, social media, short-form video sites, online long-form, etc. We must do this at the same time as continuing to invest in our presence on main broadcast TV platforms.

S4C will:

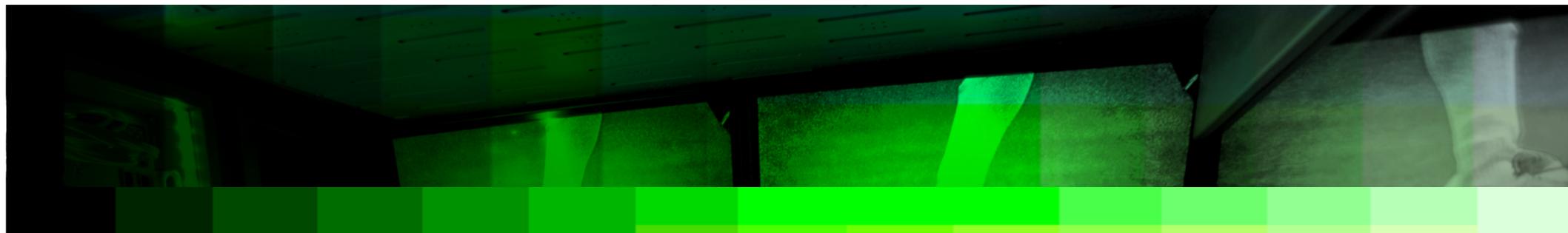
- develop a digital one-stop-shop which enables our audience to access all S4C content in one place, including archive content where relevant rights can be secured.
- offer a personalised service for audience members – content that meets individual needs and the ability to curate accordingly on relevant platforms.
- ensure that S4C's brand and content becomes as prominent and easily accessible as other PSB providers on Smart TVs, media streamers and other on-demand providers.
- develop and exploit appropriate platforms for digital content delivery to target different age groups, and populate them regularly with compelling new short-form content.

Creating the Right Content

S4C will revitalise the linear channel – delivering a more exciting, bolder and more varied linear channel which will play a greater part in our audience's lives – using technology to allow further viewer interaction. To do this, S4C needs to be able to compete with other broadcasters who are currently offering higher tariffs, while S4C's content budget is reducing due to funding reductions and inflationary pressures. The real terms value of S4C's current content budget is forecast to fall over the next five years – £1.6m down next year, £8.7m down by 2021/22.

S4C will:

- create more viewing opportunities for families to enjoy as a group – cementing the role of the TV channel as the home of family viewing in Welsh.
- create significant high-profile events – highlights in the schedules that draw people together and get people talking in communities and on social media.
- create two main types of short-form content – original, standalone content which drives completely new audience interactions across non-linear platforms; and content that promotes, extends interest in and supplements existing programmes.
- change our way of commissioning to encompass all forms of content.
- improve communication with producers and nurture a clear understanding of our increasing creative expectations.





S4C's Wider Public Service Value

S4C's public service content is widely valued and appreciated by our audience. But as the only Welsh language public service broadcaster and content provider, we make a considerable and wider public service contribution to Wales and the Welsh language and we will work hard to enhance our impact over the next ten years.

S4C will:

- support the Welsh language to claim its place in the digital world through commissioning and making available a range of digital content.
- place a greater focus on championing diversity, inclusivity and social mobility through our content and commissioning.
- offer more content which provides and reaffirms educational experiences for all ages.
- do more to encourage language transfer through programming.
- do more to help develop media skills – including those which feed into the Welsh production sector.
- increase investment in the digital and creative industries in line with budgets.

A Commercial Strategy to Help Drive the Vision

S4C's Commercial arm aims to return sustainable dividends to S4C's public service. Our aim over the next five years is to build on current achievements, and deliver even more value for the public service.

S4C Masnachol/Commercial will:

- take on-air brands and investigate ways in which we can extract more value – further developing plans already in the pipeline.
- create more big, bold drama co-productions and formats for exploitation internationally – building on existing projects.
- develop new partnerships to generate new types of content for all S4C platforms.
- make business investments that help meet the vision and create financial returns for the service.

Chapter 3: Delivering the Vision

In this chapter we set out the strategic priorities we believe the review of S4C should consider. These will enable us to deliver the vision set out in Chapter 2 and meet the Welsh speaking population's expectations.

A new remit

S4C needs an updated, flexible remit to enable us to carry out our vision. This would see S4C evolving into a Public Service Media content provider – incorporating the current TV remit and the ability to create and deliver content on other platforms and recognising our role in serving audiences throughout the UK.

The new remit should enable the channel to provide:

- high-quality, Welsh language Public Service Media content;
- on television and digital platforms;
- to the audience in Wales, across the UK and beyond.

Financial investment

Stable and sufficient funding

To deliver our vision, stability and sufficiency of funding are crucial.

Under the Public Bodes Act 2011, the Secretary of State has a duty to consider the amount of funding required by S4C and to make arrangements to ensure that this amount of money is provided to S4C each year – either from Government money, or by making arrangements with other bodies.

Currently S4C has an income of just over £83m. **To deliver and sustain the new levels of service we have described, additional investment is required each year on top of our existing budget.**

What is sufficient funding?

(a) Realising ubiquitous content delivery:

Our aim is to deliver the platform and digital element of “Ubiquitous Content Delivery” over a five-year period. To do this without impacting on current levels of investment in content requires:

- additional annual investment of £6m p.a. This will enable S4C to deliver its service on broadcast TV as well as digital platforms, to invest in new content for audiences on digital platforms and to incorporate archive content into the online offer.

(b) The cost of creating the right content

There can never be an absolutely definitive answer to the question “how much funding does S4C require to create the right content?” The broadcaster's job is to provide the best possible service which can be delivered with the money that is available.

However, S4C's current content budget is not sufficient to deliver the vision set out in Chapter 2 and therefore additional funding is needed if it is to be achieved.

S4C has outlined the factors we consider appropriate and relevant for the independent review to consider whilst examining the question of what is sufficient funding. They are:

- benchmarks set by other broadcasters, and the way they change over time;
- the fact that S4C is the only Welsh language television channel;
- S4C's repeat levels, currently up to 58%;
- S4C's cost per hour across all genres compared to other PSBs' ability to invest;
- the need to insulate S4C's budget against inflationary pressures;
- the likely positive impact of a substantial increase in investment on the service.

(c) A transparent process for the future

The Public Bodies Act 2011 makes no reference to any process the Secretary of State should follow in coming to a decision as to the amount required to fund S4C. This weakness has made S4C vulnerable to periodic cuts and allowed fears to be expressed regarding the continuation of the Government's commitment.

It should be a priority for the review to recommend an objective and transparent process for deciding what constitutes sufficient funding for S4C, based on a new remit.

S4C recommends that the funding principles put forward by the European Broadcasting Union are adopted in relation to S4C. These are:

- stable and adequate
- independent from political interference
- fair and justifiable
- transparent and accountable

The process for defining S4C's overall funding needs should also include consideration of the following factors:

1. Audience expectations
2. The availability of Welsh language content on media platforms
3. Comparative costs of content creation and rights acquisition
4. S4C's own efficiency
5. The principle of “read across” to the licence fee
6. Inflation and other cost pressures

Appropriate Sources of Support

A change in remit to become a PSM provider (incorporating our current PSB status) should encourage those involved with the review to look more broadly as to where this additional investment might come from.

We are keen to be given the opportunity to raise more money from our own activities but the back-bone of our public service will be publicly sourced funding.

We have worked hard to ensure that the licence fee-sourced contribution towards S4C's funding works well – co-operating with both DCMS and the BBC to establish sound processes and appropriate accountability. S4C will continue to effectively access this important source of funding, while maintaining our independence.

With licence fee funding channelled through the BBC, maintaining a funding link with the UK Government, via the DCMS, has been vital for our continued independence and for our ability to carry out our Welsh language remit.

Plurality of funding remains beneficial and a principle to be safeguarded for the future. Any future funding options must maintain S4C's status as an independent, trusted and impartial content provider.

Chapter 4: Accountability, Governance and Regulation

In this chapter we do not put forward a fixed corporate view as to the best accountability, governance and regulation structures for the future. Instead, we identify the elements which we believe to be fundamental to support S4C's ambition for the future and our role in the lives of people in Wales, the UK and throughout the world.

S4C suggests that the elements are as follows:

- S4C exists as an **independent organisation** to provide television and media services in the Welsh language and to collaborate with a wide range of partners in the content industry.
- S4C should have a **revised remit**, which should include the specific duty of providing Welsh language television and media services for the audience across the UK; and provides us with the ability to adapt and develop our service provision as technology and user needs develop.
- S4C is funded primarily **by public funds** but has the ability to undertake **commercial activities** through subsidiary companies which may not, however, draw on public funds.
- S4C has the ability to exercise powers to **borrow funds for defined purposes** within limits set out by the Secretary of State and the Chancellor of the Exchequer.
- The **processes** by which S4C accounts for its use of public funds and for delivery of its remit are appropriate and clear.
- The processes by which decisions are reached as to what constitutes **sufficient funding** for S4C to fulfil its remit are appropriate and clear.
- Accountability to **Ofcom** for most regulatory matters (with the exception of certain specific subjects, such as language guidelines and policies) is confirmed.
- **Non-executive** appointees, fulfilling a broad range of criteria related to the new remit, should represent a clear majority of the governing body or Board.
- The **appointment** of such non-executives should be made via a transparent public appointments process.
- **The Chief Executive** should be appointed by the non-executive members of the Board.
- The Board should be responsible for ensuring appropriate, high-quality **corporate governance** arrangements, in line with UK best practice.
- The Board should be responsible for implementing an appropriate process for **evaluation and reporting** on service performance measured against objectives.



Final word

In S4C: Pushing the Boundaries, we have set out an achievable vision for the next ten years.

In order to deliver the vision, S4C needs:

- an agreement that it is right for S4C to want to be a Public Service Media provider in the Welsh language, and not simply a broadcaster
- a recognition of what that implies and the benefits it can deliver; and
- a process for defining the funding requirement.

We look forward to taking part in the public discussion which we hope the review, and this vision for the future of S4C, will bring about.



CHAPTER 1: S4C TODAY

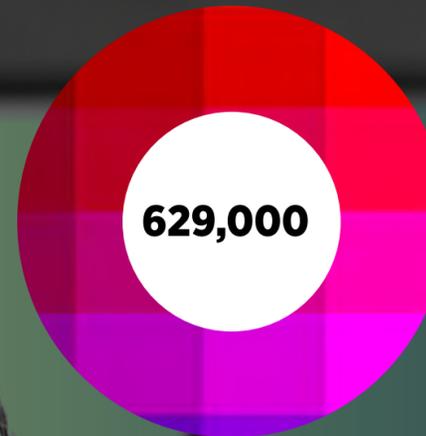
Unique, independent, public service focused and, above all, in Welsh. Today, S4C is a household name across Wales and beyond. We provide a Welsh language TV service on all major platforms in Wales, on satellite and cable throughout the UK, and online catch-up facilities available on-demand.

We deliver a wide variety of high-quality content – entertainment, information and inspiration – and look to reach as many people as possible on the most relevant, contemporary platforms. S4C’s service ensures choice and diversity of emphasis, and by commissioning content from a wide range of independent production companies, harnesses a breadth of perspectives and visions.

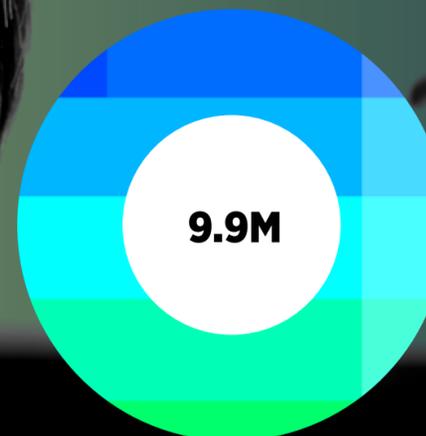
BBC Wales contributes a minimum of ten hours of programming per week to the service from its own budget, as a statutory obligation. This programming includes a comprehensive news service, a daily soap opera, sports programming and coverage of the National Eisteddfod. This is a key strand of the constructive and collaborative relationship which has been built up between the two broadcasters over recent years, which includes new creative collaboration, making S4C content available on the BBC iPlayer, and planning cost savings through sharing technical facilities.



¹ Adroddiad Blynnyddol S4C 2015/2016
² Adroddiad Blynnyddol S4C 2015/2016
³ Ymchwil Annibynnol gan Arad ar gyfer S4C, 2012



**Weekly Reach
(at least 3
consecutive
minutes)
2015/16**



**Number of
people who
viewed S4C
throughout
the UK
2015/16**

In 2015/16 S4C's audiences, on both TV and online, reached new highs in the post digital switch-over era. TV reach hit a nine-year high, and online reach again broke previous records.¹

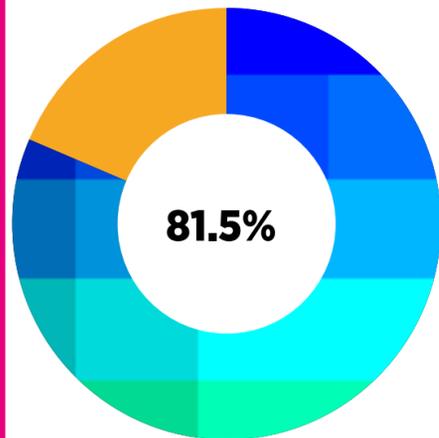
While our current remit focuses on TV, S4C has recognised the need to provide content to those who watch on other platforms. Last year we launched as a limited pilot scheme a standalone channel on YouTube called *Pump* (meaning Five), targeted at a younger/young adult audience. While only a limited amount of content has been provided to date, it has been very well received.

S4C's very existence is an exercise in diversity and tangible evidence of the UK Government's long-standing commitment to diversity in the media and broadcasting. We give a voice and platform upon which a minority language audience can express and portray itself, as well as be entertained and informed. But we are also fully committed to reflecting other aspects of the diversity of modern Wales on and behind the screen – including ethnicity, gender, age, sexual orientation and disability.

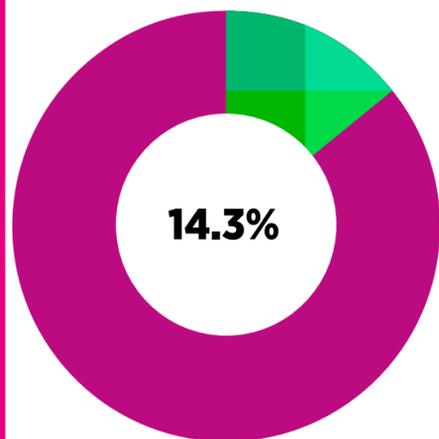
Since S4C's launch, we have sought to ensure that as wide an audience as possible can share the experiences we provide. We offer a variety of access services, and are constantly working to improve these to meet evolving audience requirements.

¹ S4C Annual Report 2015/16

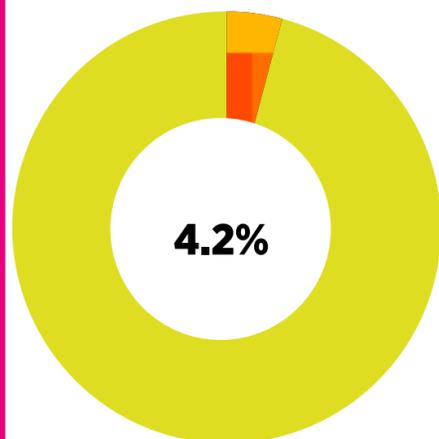
Allocation of S4C's Expenditure 2015/16



Programmes commissioned and acquired (including repeats) by S4C²



Costs associated with the Programme Service²



Operational and administration costs²

Our operation is lean, with organisational overheads maintained at around 4% and cost per hour of content reduced by over a third since 2009.⁵ However, the economic impact of the public funds invested in the production sector and creative industries is significant – every £1 invested by S4C in the economy in Wales and the UK creates a total value of £2.09.³

Next year, S4C will relocate its headquarters to Carmarthen in west Wales. The move will provide the springboard for a substantial economic and linguistic impact on west Wales, consistent with government ambitions of ensuring that investments benefit every corner of the country. It will also result in further financial savings for S4C. While becoming one of the few national broadcasters not to be centred in its country's capital, we will maintain a smaller office in Caernarfon, in the north of Wales and a strong presence in Cardiff where we plan to share broadcasting facilities with the BBC, capitalising on new technologies and procedures to benefit both organisations.

Despite our best efforts, even with our current remit it has proved challenging to allocate funding to allow us to serve audiences on digital platforms as well as to continue to deliver a linear service which meets viewers' expectations. Our content must keep pace with that of other PSBs in this ultra-competitive media age, which means that funds for new content only go so far in filling broadcast hours. To deliver a full, year-round schedule, we need to turn to repeats of previously scheduled content. Providing more than one opportunity to view a good programme can be valuable, but the situation where 58% of our schedule consists of repeats is not what many viewers expect of a high quality national service.⁴

² S4C Annual Report 2015/16

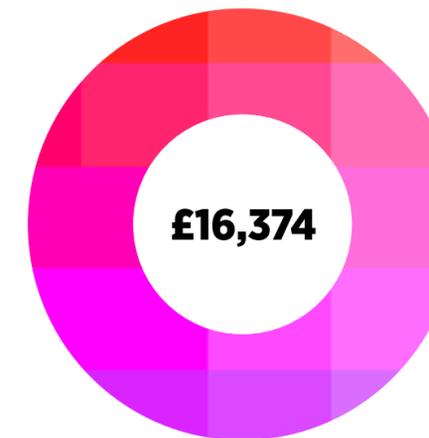
³ Independent Research by Arad for S4C, 2012

⁴ S4C Public Survey 2016

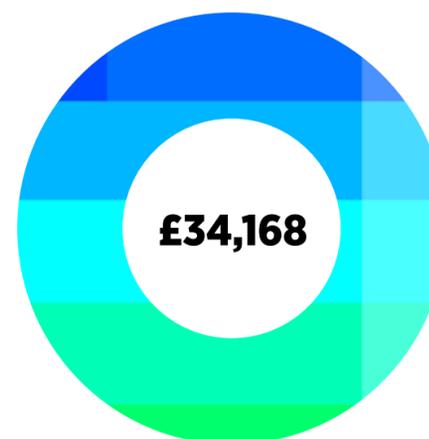
⁵ S4C Annual Report 2009



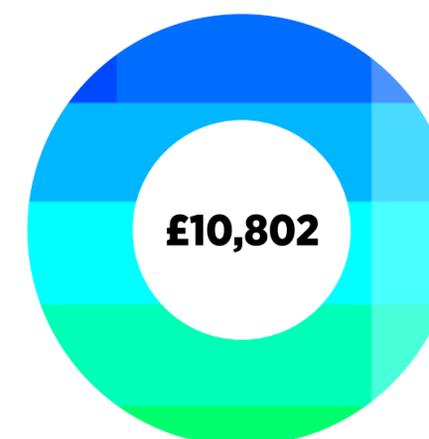
Cost per hour— programmes commissioned by S4C 2009⁵



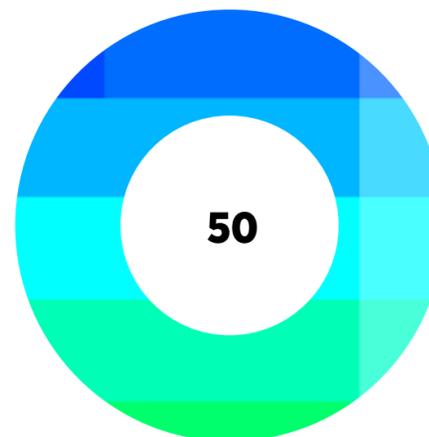
Cost per hour— all transmission hours 2009⁵



Cost per hour— programmes commissioned by S4C 2015/16²



Cost per hour— all transmission hours 2015/16²



Numbers of production companies²

S4C'S CURRENT POSITION IN A MULTI-CHANNEL, CROSS-PLATFORM WORLD

While the desire to watch content, and be informed and entertained in the Welsh language unites our audience, Welsh speakers do not consist of a single demographic. Our audience is a cross-section of the wider population that is naturally composed of many different age and interest groups. Even before digital switchover in Wales in 2010, S4C, along with all other PSBs, started to experience an erosion of its audience as viewers went channel surfing amongst the hundreds of new channels that became available in search of programming targeting their needs and interests more regularly – whether music, sport, lifestyle activities or drama.

Other Public Service Broadcasters met the challenge of holding on to audience share by launching TV channels for target audiences, e.g. E4 and ITV2, both skewed towards younger people. Growing a family of TV channels, and then supplementing this with targeted online offerings, has allowed the other UK PSBs to broadly retain their market share.⁶

S4C has not had the financial flexibility to explore similar options. Meeting carriage and EPG costs, as well as the cost of new content, would be a proportionately greater burden for a small PSB with a reducing budget, than for a larger broadcaster. As well as financial constraints, our current remit is old fashioned as it does not allow us to commission specifically for digital audiences. With the development of new technologies we must now look to evolve an S4C that is even more relevant to different audience segments, creating new types of content, introducing new services and harnessing the audience's enthusiasm for new ways of consuming media content. We must deliver this cost-effectively and quickly, while keeping a strong, compelling linear channel at the core of S4C's offering.



THE WAY FORWARD

Driving everything for S4C is a demanding audience, living in an increasingly connected world and wanting to view, consume and share media content in the vibrant Welsh language. Yet, there is currently insufficient Welsh language content across social media channels and digital outlets where many, especially younger people, are spending their time. The current and future needs of all Welsh speakers are not being met.

To be relevant, S4C needs an updated remit so that we can be everywhere the audience is, offering a range of content in the various forms it wants to consume, whenever and however it wishes to view. A one-size-fits-all approach no longer works for broadcasters; we need to provide a more segmented and personalised approach to delivering content and engaging with our audience.

If we are not able to make the necessary investment to implement such changes we run the risk of disenfranchising the Welsh speakers who brought S4C into existence, those who watch, enjoy and support the channel today and those who want the option of being educated, informed and entertained in the Welsh language in the connected world for years to come.

⁶ Enders Analysis, 2016

CHAPTER 2: AN S4C FOR TOMORROW – OUR VISION

OVERVIEW

Our vision is to create a relevant, engaging and constantly evolving S4C in terms of the content we commission and how people access that content.

S4C's content will be inspiring, heart-warming, compelling, informative and entertaining.

The fact that our content is in Welsh will remain our *raison d'être*, but commissioning more diverse content for our audiences, both long-form and short-form, available when and where they wish to consume it, will sit firmly at the heart of tomorrow's S4C.

We have a clear view of the type of service we need to become - moving from the channel's traditional position as a primarily linear broadcaster, into a provider of many forms of content, across multiple platforms. We need to engage more fully with a younger demographic, while still providing services for our loyal, core viewers. We need to provide a personalised service with a choice of content that reflects individual viewing habits, both in terms of content form and how it is viewed. The need to offer both broadcast and 'personal-cast' options is vital for S4C's future.

To do so, we will need to work closely with all our partners – the BBC, independent producers and ITV Wales - to develop new ways of thinking about our audience's wishes, while continuing to promote quality and originality of content.

Our ambition is to evolve from being a Public Service Broadcaster (PSB) to a Public Service Media (PSM) provider. This better reflects the way in which other UK PSBs are already operating and would bring S4C into line with UK and international best practice. It will allow us to commission and distribute content on any popular platform – broadcast or online.

S4C's key Ambitions within the Vision

- i. **Ubiquitous Content Delivery:** Ensuring audience segments can access S4C content when, where and how they want
- ii. **Creating the Right Content:** Making it more relevant, competitive and diverse
- iii. **Wider Public Service Value:** Bringing about economic, linguistic and educational benefits from our work
- iv. **A Commercial Strategy to Help Drive the Vision:** Enhancing our commercial capabilities and reputation





i: UBIQUITOUS CONTENT DELIVERY

S4C content needs to be available where people are watching - on social media platforms, short-form video sites, linear TV, Smart TV, and any other popular platform now and in future. The vision is to become a complete Public Service Media content provider.

As a PSM provider we will build on the strengths of PSB, and maintain those elements, whilst recognising that broadcast is only one method - albeit an enduring one - of reaching audiences and meeting the needs of Welsh language public service content provision in the digital age.

It is no longer sufficient to create great content and then expect your audience to find it by tuning in to the television. While 'broadcast' is still important, from our own qualitative research we know that more and more people expect 'personal-cast', programming services that meet their own individual needs.

To be truly competitive today, S4C will aim to provide a more personalised viewing experience for some audience segments, curating content in meaningful ways so that people can readily access the most relevant content for them on whichever platforms they choose. Personalisation in turn informs S4C of audience choices and preferences for future content creation and delivery, and drives engagement.

We have made some headway into ensuring we are represented on key broadcast platforms (see S4C Today section) - and in prominent positions - and we have trialled new content on YouTube with Pump. But our overall digital offering does not fully take advantage of the potential of new technologies and the public's appetite to use those technologies. Welsh language content is not available in the way it should be to meet the needs of today's audience.

S4C Linear Channel

Research shows, that while it is clear that some age groups are currently watching less television in favour of accessing content via other platforms,⁷ there is no doubt that over the next decade at least, the popularity of TV amongst other age groups, as well as TV's place as the home of family viewing, will remain strong.⁸ PSBs, with their continued substantial investment in mainstream linear programming, will ensure the continuing strategic importance of broadcast television as a primary means by which people access content.

We must therefore continue to invest in our presence on main TV platforms for years to come and continue to provide a competitive and ambitious linear service.

S4C's Online Player: more content, more prominence, more engagement

At present, S4C operates a comparatively basic online 'player', primarily providing live and catch-up services for our long-form TV content - mainly available for 35 days after initial broadcast.

Our strategic partnership with the BBC has also made it possible for most recent S4C content to be made available on the BBC iPlayer. We want to build on the advantages of this partnership, whilst also using our own player to create a truly personalised service in line with audience expectations. The aim will be for it to offer access to all current and historic content for which the relevant distribution rights are held.

As part of our wider strategic partnership, we have come to an arrangement with the BBC, which means that S4C catch-up content is currently the only non-BBC content to be made available on the BBC iPlayer. This has been a successful venture and has proved to be an important platform for expanding on-line viewing of S4C programmes, within agreed time limits. We look forward to exploring further opportunities for collaboration that benefit our audiences

Driving engagement, efficiency and prominence

S4C's new player will be the driving-force behind all S4C content on digital platforms. It will enable us to send direct and personalised communications to our subscribers with updates and information, as well as offering access to rich content suited to their own individual needs and viewing choices.

It will enable us to automate and streamline our procedures for making outgoing payments to contributors and rights holders based on the numbers of views.

This new player will naturally be available via S4C's own website, but also via as many other platforms as possible, building on current plans to launch apps on Samsung Smart TV, for example. It will provide S4C with prominence on digital platforms as we aim to make our player available on all the most popular devices. But we will still be looking to ensure that S4C is included on as many third-party content platforms as possible.



All S4C content online

The new player's technical capabilities will drive prominence and engagement with audiences, but we will also aim to revolutionise our online content offering.

In the age when services offered by the likes of Netflix and Apple TV are established in the audiences' expectations, the aim is to give Welsh audiences a recognised one-stop-shop for all S4C content. We want to allow subscribers access to the broadest possible range of content and enable them to curate their own playlists.

In addition to live streaming of the linear channel, this new service would provide:

- catch-up facility for recent S4C long-form programming;
- supplementary short-form content about programming - behind-the-scenes, talent interviews etc;
- new original short-form content, curated by theme;
- archive content, curated by genre/interest areas;
- offer 'box sets', exploring the option of pay to keep.

A standalone children's player

We have an ambition to create a standalone children's online service, modelled on the above, to make Welsh language content more readily available to children who speak or are learning the language. It would have associated apps, allowing children to browse content easily on mobile devices without the risk of stumbling on content which is unsuitable or not age-appropriate.

These developments will require a raft of technical adaptations and upgrades to our current offering, as well as additional resources to digitise, code and curate content, and to secure the appropriate rights for content distribution.

⁷ Thinkbox, 2016
⁸ Enders Analysis, 2016 based on BARB/InfoSys+



On-demand TV providers

Several established TV providers offer live channels and operate as conduits for access to broadcasters' on-demand facilities via TV sets. S4C launched on YouView in early 2014. Our aim is to incorporate S4C on further on-demand services where possible, with two platforms – Freeview Play and Freesat Freetime targeted early on.

Smart TVs and Media Streamers

Traditionally, PSBs have enjoyed prominence on television EPGs (Electronic Programme Guides). This has been extremely valuable in maintaining awareness of S4C's programme offering in the digital age.

Now, with the rapid rise in take up of Smart TVs and the reduced profile given to the EPG by some platforms, Welsh speakers and other viewers may find it ever more challenging to find Welsh language public service content on digital media platforms if that content is not afforded appropriate prominence.

We have already worked with Amazon Fire and Samsung to get S4C pre-loaded as an integral Smart App, ensuring a degree of prominence when viewers turn on their TV sets.

Our vision is for S4C to be included on all new-build Smart TV sets. But this takes time and investment, both for app development and for ensuring app integration by manufacturers, and is likely to need a strong regulatory steer if it is to happen. We believe it is very important for the PSB prominence principle to be extended to include on-demand services which serve public service providers. It is particularly vital for the availability of Welsh language content as S4C is the only Welsh language PSB available – serving Welsh speakers throughout the UK.

External Video Platforms

A 2016 Ofcom report⁹ states that for the first time, children aged 5 to 15 now spend more time online than they do watching TV sets, with YouTube being the primary online destination. This was especially true for 12 to 15-year-olds, with 87% watching YouTube. The report also states that while they may be watching less content on TV, this does not mean that children are consuming less content.

The example of this one group demonstrates how important it is for top quality, appealing Welsh language content to be made available on external video platforms.

Our ambition with YouTube is to develop a small portfolio of Welsh language channels, targeted at different age groups and to populate them on a regular basis with compelling short-form content. Much of this will be standalone new content – as we have trialled for *Pump* – but some will also relate to content on our linear channel and act as tune-in promotion. In a similar way, we need to enhance our original video presence on Facebook, which has become a major video platform as well as a social platform, in order to further engage with those habitually using it – a relatively young demographic. We will also monitor trends as new opportunities and new platforms emerge over time.

Social Media and Engagement

Social media in all its forms is a vital component in the success of content today. Audiences, particularly the 16 to 34-year-old age group, are heavily invested in social media and want to share their views, comment on content, make demands of broadcasters and ask questions. Social media chatter can increase ratings, drive re-commissions and make stars of unknown talent – and indeed the social media users themselves.

We re-focused the energies of our engagement team in 2016 and as a result, increased our presence across key social media channels, achieving substantial increases in engagement levels with content.

This was achieved using promotional material and trialling a limited amount of short-form content, but we recognise that we are a long way from using social media at optimum levels. To achieve this and engage fully with audiences who consume more content via social media than any other medium, we must create more short-form content, and we must also be more responsive to our audience via social media and promote greater levels of communication and engagement. This requires additional resource.

The value of new content, accessible across a range of platforms, must be maximized by making sure our audience knows what we have and how it can be accessed. Enhanced social media activity will be key, spreading the word about the varied appeal of S4C's content on all platforms. It will also enable us to finely target viewers with personalised messages.

However, in line with our vision to target audiences on both TV and online platforms we must also continue to reach out to audiences who engage more regularly with more traditional forms of media.

Content in the Community

The Welsh language is rooted in the community and S4C needs to reflect contemporary, community life in Wales. It is important that we find ways to take our service and our content off-line and into the community at appropriate times. At present, we only have one communities officer for the whole of Wales. To deliver our vision 'on the ground' we need to be able to increase our community engagement activities.



⁹ Children and parents: media use and attitudes report, Ofcom, 2016



ii. CREATING THE RIGHT CONTENT

Gone are the days when PSBs can be everything to everyone. We must now provide something special for everyone – content that speaks personally to every viewer, whoever they are and however they like to view their Welsh language content.

Content has always sat at the heart of S4C. But our new vision – all driven by the changing needs of our audience – is to commission specifically for audiences according to what they choose to watch and how they choose to watch it.

We aim to create engaging, primetime family viewing experiences on TV, deliver our big ideas cross-platform with real impact, and supply a frequent and consistent stream of fresh stand-out content for online short-form platforms. It is the range of content audiences want, in the language they want. But that audience is also subject to the wider media marketplace, and has high expectations. S4C content must compete in areas where other PSBs are currently able to invest far more in their content.

Across all platforms, we aim to create a focused range of relevant and diverse content that captures and engages, surprises and delights all segments of the audience – on their platform of choice. This will include improving the content we offer to our current faithful viewers, as well as building a long-lasting relationship with those audiences who, according to our research, are currently less likely to see S4C as a regular part of their

life e.g. younger people, mixed-language households, 45 to 64-year-olds, as well as lighter Welsh speaking viewers.

TV can in no way be seen as a thing of the past. Length of daily TV viewing in Welsh TV households is 13% higher than the UK average¹⁰ and with linear TV viewing expected to account for 75% of all UK viewing, even in 2025,¹¹ television is here to stay. This means

that S4C has no choice but to continue to retain a strong focus on creating stand-out content for the TV channel, at the same time as developing new content to be made available on new and emerging platforms.

S4C's New Creative Mission

S4C's new creative mission is to create conversation, touch the heart and fire the imagination. We have five key themes to enable us to achieve this mission through our content:

Reflecting modern Wales:

- Holding up a mirror, and reflecting modern Welsh society.
- Capturing the zeitgeist. Why now? Why on S4C?

Juggernauts to drive viewers:

- New cornerstones of our schedule – returning series.
- Family viewing, heart-warming journeys that reveal something new.

Execution is everything:

- The treatment is even more important than the subject.
- Nurturing the new vision and how it's actioned within the production sector, along with a talent development programme.

Timing is everything:

- The right idea at the right time for the right audience.
- Establishing content as a natural part of busy life schedules.

National moments:

- Cross-platform content that draws people together and gets them talking.
- Programming that is an event in itself.

S4C's new three-year content strategy, building on these five themes, has already been presented to the independent production sector.

¹⁰ Enders Analysis, 2016, BARB/InfoSys+ (2016)

¹¹ Enders Analysis, based on BARB/InfoSys+ (2016)



A New Direction for Linear Content

Our intention is to revitalise the linear channel to become more exciting, bolder, more varied and more competitive with other channels. It needs to play a greater part in our audience's lives. Interactive services, text voting and programme apps are all examples of activities designed to encourage involvement with linear programming in general – enriching the experience for the audience. But our ambition goes beyond this. Our aim is to create more compelling content that brings people together – both in front of the television and within the community to celebrate contemporary Wales. We want people watching because it is the best content available.

Despite predictions that fragmentation would lead to 'appointment-to-view' television becoming a thing of the past, in recent years we have seen a phenomenal rise in so-called 'juggernauts' driving the mid-week and weekend primetime viewing habits of whole families. These include high budget and high quality programmes such as *The Great British Bake Off*, *I'm a Celebrity Get Me Out of Here*, *Strictly Come Dancing*, *Springwatch*, *Britain's Got Talent*, *The Island with Bear Grylls*, *Celebrity Big Brother* and *Masterchef*.

Even younger people, who spend more time online than in front of the TV, still gather with their families for certain types of heart-warming and exciting 'appointment-to-view' entertainment.

We know that we cannot be all things to all people but our linear channel is the home of family viewing in Welsh and therefore we must create more viewing opportunities for families to enjoy as a group. This type of content will be commissioned to provide a full multi-platform experience to the audience. Releasing additional short-form content, we will proactively encourage media-meshing, discussion and sharing via social platforms. As well as working to incorporate S4C content into family life in all its forms, this strategy will build the channel's relationship with younger viewers.

While S4C is proud of its record in ensuring exceptional value for money, one of our greatest challenges is maintaining an ability to compete with other PSBs who can invest far more in primetime content. S4C's maximum spend on productions in the main genres doesn't get close to the level of spend by other PSBs according to latest published tariff lists.

Peak time programming

	Entertainment Average	Entertainment Maxium	Drama Average	Drama Maxium	Factual Average	Factual Maxium
C4 (2009 tariffs)	245,000	400,000	650,000	1,000,000	175,000	200,000
BBC Network (2016 tariffs)	575,000	750,000	825,000	1,000,000	263,000	300,000
BBC Nations and Regions* (2016 tariffs)	185,000	220,000		450,000		200,000
ITV (2014 tariffs)	575,000	1,000,000	550,000	800,000	225,000	300,000
S4C (for 2017)	60,000	100,000	220,000	250,000	48,000	60,000

*No specific peak tariff range published for BBC Nations and Regions for drama and factual. But budgets based on current income estimates show our content budget slowly reducing in cash terms, over the next five years. Allowing for inflation, the pressure is even starker:



¹² Children and parents: media use and attitudes report, Ofcom, 2016

Simply to continue to commission content at current levels will require additional investment in line with inflation forecasts. Current forecasts are between 3% (RPI) and 2% (CPI) over the next five years.¹³ Given these projections, incremental annual increases from c. £2m in year one up to c.£9m in year five will be needed to halt the real-terms decline in the content budget over the next five years.

The scale of efficiencies already delivered, together with those identified in the budget, means that our ability to find further savings has been tested to the full.

Welsh-speaking viewers are fully aware of and watch content on other channels. Inevitably, they draw comparisons about production values, frequency and variety. If S4C is to maintain its credibility as a mainstream TV service, we must ensure that our content does not suffer by comparison with the standards of other popular broadcasters.

Almost all of S4C's original content produced by the sector – more than 1300 hours a year – from drama to children's programmes, sport, learners and factual programmes – are produced for almost £20m less than the cost of Netflix's ten-hour series The Crown, (reported to have cost £100m).

The other focus for the channel is to create national moments, highlights in the schedules that draw people together and get people talking – both on social media and in communities across Wales. For these cross-platform projects to be as successful as possible they also need to hold a mirror up to life in Wales and be distinctive – something that only S4C could or would produce.

**Examples:
Legends Month 2017:**

Visit Wales is focusing on Welsh legends for its marketing activity this year and to coincide with this we're planning some special programming. We will be creating contemporary content, loosely based on the strong legends heritage within Welsh culture, which will appear on-air, online and be readily shareable across social media. The project will include a search for modern Welsh love stories and legends, music and children's programming, as well as an irreverent look at ancient tales from a modern perspective.

Flick the Switch:

Working alongside a major study on behavioural change we are researching a high-profile project currently called 'Flick the Switch', about people making meaningful changes to their lives. This will be hugely entertaining but it will also have a very strong public service message and we will be taking a great deal of content out into the community – in a fun, engaging and meaningful way.

Both initiatives can be delivered bigger and better according to the level of investment available.

¹³ Office for Budgetary Responsibility, March 2017

Finding and Supporting Talent

S4C and our partners in the production sector have a well-established history of discovering great talent and nurturing their careers on-screen and behind the camera. Successful actors, presenters and directors from the S4C talent pool include Alex Jones (*The One Show*), Matthew Rhys (*The Americans*, *Brothers and Sisters*), Rhys Ifans (*The Amazing*

Spider-Man, *Notting Hill*, *Elementary*), Huw Edwards (*BBC News*), Iwan Rheon (*Game of Thrones*, *Our Girl*), Ioan Gruffydd (*Titanic*, *101 Dalmatians*, *Fantastic Four*), Euros Lyn (*Doctor Who*, *Sherlock*, *Broadchurch*, *Happy Valley*, *Last Tango in Halifax*). Our new content strategy focusses on increasing the number of opportunities to find a diverse range of new talent.

The production of short-form content provides new opportunities to trial different types of talent, with different skills, approaches and personal styles. An increase in views, likes, shares and conversations on sites such as YouTube and social media platforms as well as S4C's efforts to encourage user-generated content in some circumstances will be harnessed to highlight talented individuals that we would otherwise not find.

iii. S4C'S WIDER PUBLIC SERVICE VALUE

There is no doubt that S4C's public service content is widely valued and appreciated by our audience.¹⁶ Welsh speakers in particular see S4C as the channel that most effectively contributes to the culture of Wales, is best at reflecting modern Welsh life, and that reflects the diversity of people living in Wales in terms of age, gender, disability, sexual orientation, religion or ethnicity in its programmes better than any other channel.¹⁷

The research also indicates that the audience particularly appreciates that S4C portrays the whole of Wales.

When asked to choose channels that "show programmes about my area of Wales", S4C is selected by a much higher percentage (78%) than the closest other channel (BBC One Wales at 22%). In all three regions all scores for S4C were at 70% or higher:

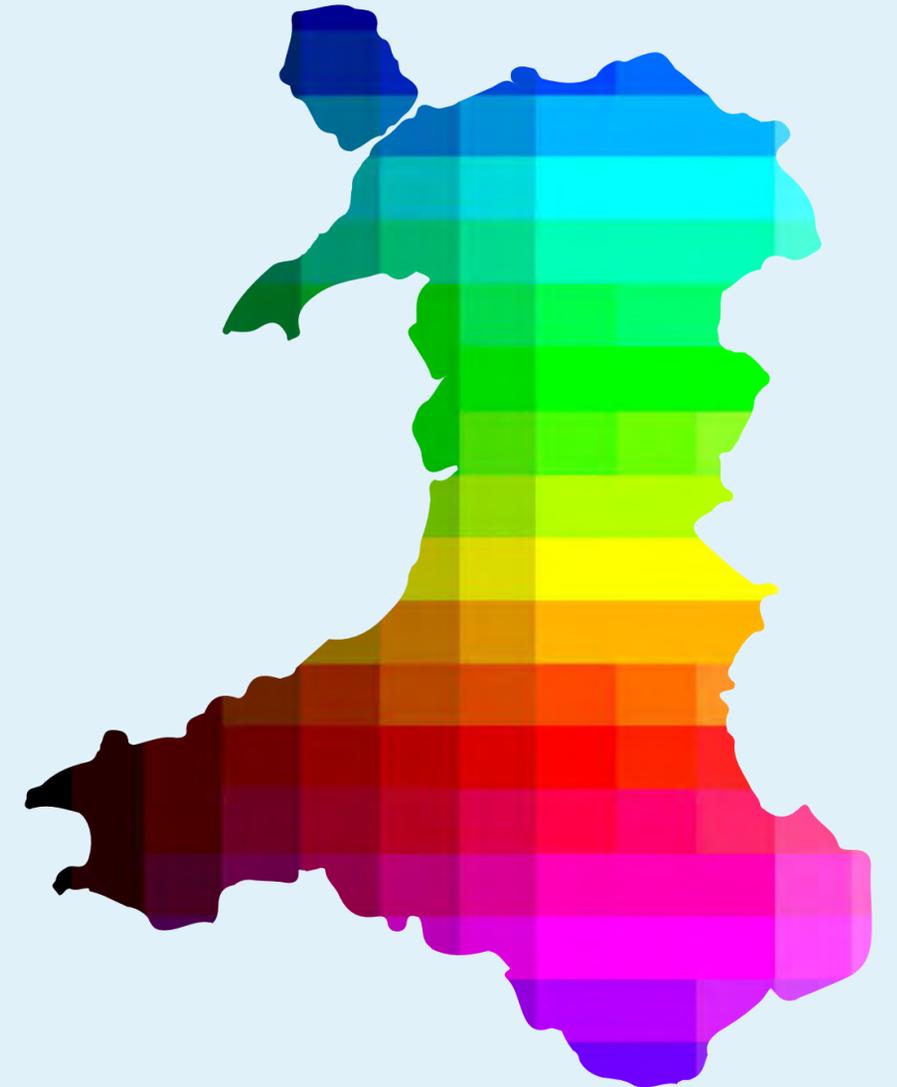
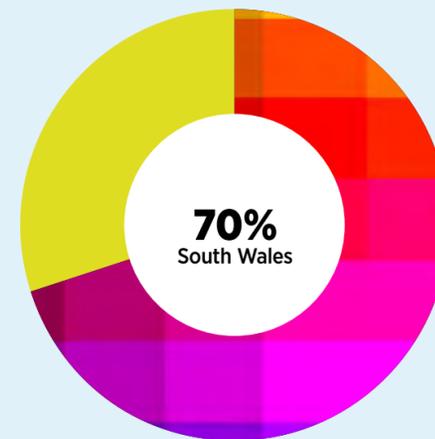
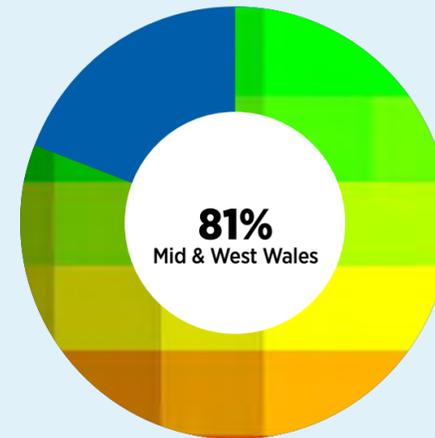
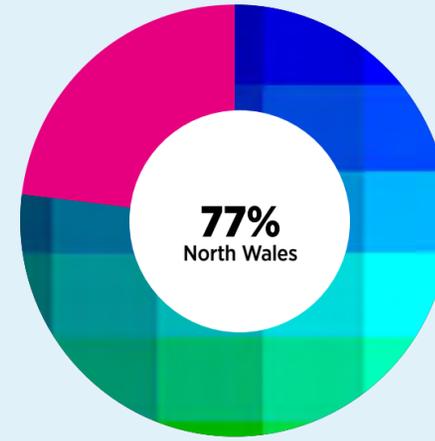
North Wales:	77%
Mid & West Wales:	81%
South Wales:	70%

But as the only Welsh language public service broadcaster and audio-visual content provider, we are committed to making a wider public service contribution to Wales and the Welsh language.

In the 35 years since the channel was created, S4C has:

- given the Welsh language status and prominence, and enabled Welsh speakers to see and hear the language being used in all walks of life and in every corner of Wales;
- embodied the principles of proactive diversity allowing Wales and its people, regardless of background, to portray, express and see themselves represented on screen;
- encouraged language transfer and provided learning resources in and through the Welsh language;
- helped to create and sustain a booming television and creative industries sector, creating jobs and supporting economic growth right across Wales.

S4C shows programmes about my area of Wales



¹⁶ Beaufort Research, December 2015 to February 2016, S4C Image Tracking Service.

¹⁷ Beaufort Research, December 2015 to February 2016, S4C Image Tracking Service.

THE WELSH LANGUAGE AND ITS PLACE IN THE DIGITAL WORLD

The language today is thriving and is used by nearly three quarters of a million people in Wales and throughout the UK to differing extents in their lives – at home, school, work and leisure.

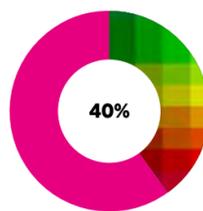
The ability to speak Welsh is particularly high amongst school-age children (5 to 15 years-old) - 40% according to the last census.¹⁸ **These figures have more than doubled over the past 30 years.** The Welsh Government has made supporting language growth a major focus, setting ambitious targets for enabling the growth of the number of Welsh speakers to one million by 2050.

The conditions are right for an increase in the Welsh speaking population within Wales as the 5-15 year olds become adults.

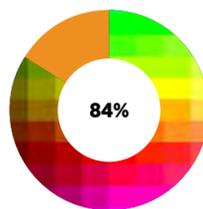
Support for the language among the Welsh population remains high. A 2016 survey states that 84% of fluent Welsh speakers think more should be done to preserve Welsh as a living language.¹⁹ This is also endorsed by 71% of non-fluent Welsh language speakers and 42% of non-Welsh speakers.

To remain a vibrant and relevant language, however, now and in the future, one of the priorities must be for the language to claim its place in the digital world alongside English and other languages.

While some important development is going on, and breaking new ground, other potential sources of digital content in Welsh are scarce. So delivering S4C's vision for the future will have a direct impact on the maintenance of the cultural ecosystem necessary for the language to continue to flourish.



The ability to speak Welsh is particularly high amongst school-age children



Majority of Welsh speakers think more should be done to preserve the language

Fy Chwaer a Fi
(Bulb Films part of Boom Pictures Cymru)



DIVERSITY, INCLUSIVITY AND SOCIAL MOBILITY

Diversity
S4C has been a long-time supporter and implementer of diversity policy. Indeed, our very existence is an exercise in diversity. In addition to our contribution to linguistic diversity, in recent years we have won UK-wide industry awards for the ways in which we portray under-represented groups on-screen.

Awards:

- **Creative Diversity Network Awards 2014 - Best On-screen Representation of Disability** - Fy Chwaer a Fi (My Sister and Me – Bulb Films part of Boom Pictures Cymru)
- **Mind Media Awards 2015 - Best Portrayal of Mental Health in a Soap** – Pobol y Cwm (BBC Cymru Wales)
- **Transgender Television Award 2015 – Special award for a report on the transgender community in Wales** – current affairs programme Y Byd ar Bedwar (ITV Cymru Wales)
- **Transgender Television Award 2016 – Exceptional treatment of transgender guests, issues and news** - magazine programmes Heno and Prynawn Da (Tinopolis)

We fully support the UK Government's ambition for greater diversity in television – both on-screen and off-screen and therefore recognise that we could and will do more in this area. We're exploring the feasibility of joining Diamond, an industry-wide diversity monitoring project developed by the Creative Diversity Network. This would provide us with consistent and comprehensive monitoring and reporting of diversity in the future, and allow us to develop performance targets to drive improvement in this area.

Pobol y Cwm
(BBC Cymru Wales)

Inclusivity

Since our inception, S4C has been committed to ensuring that as wide an audience as possible can share the experiences we provide. We offer several services, at different levels, and are constantly working to improve these in order to meet evolving audience requirements:

- We commission content for different age and interest groups, ranging from young people, to sports fans, to farming communities.
- In 2016 we provided Welsh subtitles for around 13 hours of programming each week.
- We provide English subtitles for 80.5% of Welsh language programmes (Ofcom's target is 53.3%).
- We provide sign language for 5.2% of programmes (Ofcom's target is 5%).
- We provided Audio-description for 10.3% of our programmes (Ofcom's target is 10%).

S4C believes everyone, irrespective of age, background, location, disability and language, should be able to access our services. As technology improves and offers more affordable solutions, S4C will explore the available options with a view to offering further enhancements which improve experiences for those who use access services.

Social Mobility

Thanks to S4C, working in television, has been a realistic and achievable career path for young people in Wales. Indeed, thousands of careers in television in Wales have been inspired and made possible because of S4C's existence and our investment in the independent production sector.

Many have gone on to creative, technical and professional careers elsewhere but many have chosen to remain in their own communities and run sustainable businesses within them.

The ambitions set out in this document for a more dynamic and digitally savvy S4C will lead to the further creation of diverse job opportunities in the independent production sector. Many will require cutting-edge digital skills, a key enabler for social mobility and a sector identified as a priority for growth by both UK and Welsh Government.

PROMOTING AND SUPPORTING LIFE-LONG LEARNING

Together, education and Welsh language broadcasting have been instrumental in stabilising the Welsh language since the 1980s. 94% of Welsh speaking viewers (and 91% of non-Welsh speakers) feel that S4C "keeps the Welsh language alive".²⁰

S4C's service has always encouraged language transfer and helped provide resources for learning in and through the Welsh language. Currently S4C offers some learning content on-air and on-line. We are proactive in seeking to support use of our content within the education system.

We have made more than 100 hours of programming available for students and lecturers supported by the Coleg Cymraeg Cenedlaethol; we have created early learning book-based resources and are in dialogue with Hwb, the Welsh Government-supported digital learning portal.

To date our activity has been piecemeal. In the future, we aim to take a more holistic and deliberate approach.

We see S4C as a lifelong learning partner for all new and existing Welsh speakers.

Our aim will be to:

- encourage and support language transfer e.g. through Cyw, our pre-school service, and Dal Ati, our offer to new Welsh speakers;
- support the education system and curriculum through commissioning drama or factual series that reflect themes within the curriculum;
- make a greater range of all-age-group content resources widely available and easily accessible for both formal and informal learning. This will build on partnership work already begun with the Coleg Cymraeg as well as working with educationalists to ensure that issues that affect young people today – from cyber bullying to revenge porn – are reflected in some of the content created for this audience; and
- play an active role in boosting media and digital skills including disciplines on which the Welsh production sector is dependent.

¹⁸ 2011 Census, Table DC2106Wala-Welsh language skills by sex by age, www.nomisweb.co.uk

¹⁹ Welsh Elections Voter Study, Cardiff University, 2016

²⁰ Beaufort Research, S4C image tracking service, 2015/16

Making our learning content available online

We know our existing content is valuable to both educators and students. We receive regular requests for materials that cover Welsh history and geography or, for example, Shakespearean dramas that have been produced in the Welsh language. Our goal is to ensure that all our best educational content is available in one rich and dynamic online platform.

As with our mainstream content plans, the ambition is to make this educational content available in the right format - whether long or short-form - easily searchable and as accessible as possible across various devices.

We want to be a reliable, relevant and user-friendly source of media content that supports and enriches the learning experience.

Becoming a life-long learning partner

To deliver on our ambitions, we need to make life-long learning a more entrenched and focused part of our business. Additional resource would allow us to:

- sort archive and current content as appropriate,
- explore the best channels to get content to students and educators,
- work with our technological and digital teams to ensure content is in the right format and accessible,
- create marketing communications initiatives that make students, teachers and guardians aware of what we have and where it can be found.

S4C'S WIDER ECONOMIC IMPACT

S4C works hard to ensure the creative economy in Wales thrives. **81% of our funding flows directly into the production sector** - and substantial numbers of jobs created within that sector are directly linked to our spending on new content.

More than 50 independent companies produce programmes for S4C, as well as an extensive supply chain of microbusinesses and freelancers across Wales. Welsh production companies have become significant players in the UK market.

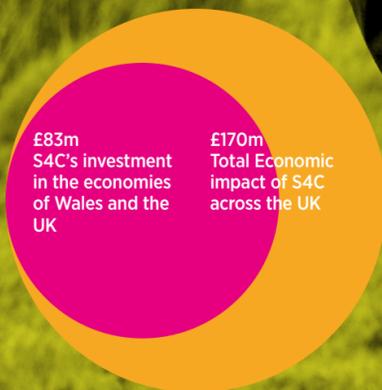
The skills that have been nurtured when creating programmes for S4C are now the foundation of an industry that provides programmes to other networks in Britain, as well as broadcasters overseas.

Independent research shows that during 2014/15, **every pound invested by S4C in the creative industries in Wales was worth £2.09 to the economy.**²¹ The combined impact of filming the first series of Y Gwyll/Hinterland in Ceredigion alone was over £1m²² and **S4C's total economic impact across the UK in 2014/15 was £170m.**²³

Our content and talent is flying the flag for Welsh talent overseas and driving inward investment. Series one and two of **Y Gwyll/Hinterland** (produced by Fiction Factory) **have been acquired by broadcasters in over 20 territories worldwide** and challenge show format Fferm Ffactor (Farm Factor) developed for S4C by Cwmni Da, has been sold to countries including China and France.

Over the next five years, as S4C rolls out the vision outlined in this document, our impact will spread beyond the creative economy to the rapidly developing digital economy - a priority growth area for both UK and Welsh Governments. By placing digital media content at the core of our strategy and through supporting the creation of a new creative and digital cluster in west Wales, S4C will play its part in enabling digital businesses to grow. Support for S4C creates more jobs in the private sector and helps to spread economic growth and prosperity to every corner of the country.

In the next section, we outline how we want to use our commercial subsidiary to give further support to our public service ambitions and to create more jobs and stimulate growth in the Welsh economy.



²¹ Arad Research for S4C, 2012

²² Economic Impact of Y Gwyll/Hinterland on Aberystwyth, Arad Research for S4C

²³ Arad Research for S4C, 2015

iv. A COMMERCIAL STRATEGY TO HELP DRIVE THE VISION

S4C and our commercial arm, S4C Masnachol/ Commercial, have a proven track record of working successfully with commercial partners across the globe. S4C Commercial makes a variety of investments from its own commercial funds with the aim of returning sustainable dividends to S4C's public service.

Since 2009, S4C Commercial has paid dividends averaging almost **£2m per year** into the public service fund.

Our aim is to build on current achievements, and deliver even more value for the public service. We plan to achieve this by successfully engaging in the following areas of commercial activity:

Extending the reach of on-air brands - Taking selected on-air brands and investigating ways in which further value can be extracted via S4C Commercial projects; seeing if they can live off-air in a commercial setting, while promoting face-to-face interactions and high-quality S4C brand experiences in the community. For example:

- We are already scoping plans for Fferm Cyw/Cyw Farm as a commercial visitor attraction based on our popular on-air brand for young children.

oWe are currently considering how to further embed the Cyw brand within the early years' curriculum in a way that supports language transfer, as well as generating income to invest back in to our services.

ITV is currently enjoying great success with several its off-air brand extension activities. These include *Emmerdale* visitor experiences, theatrical versions of *Saturday Night Takeaway* and a regional cookery tour by *Gino D'Acampo – Gino's Italian Escape*.

Selling advertising, sponsorship and teleshopping – an income stream which has considerably reduced since Digital Switchover and the loss of C4 programmes, but which is still important. Sky is S4C's agent and local advertisers are incentivised to advertise in Welsh, by the availability of a subsidy for production costs. This increases the number of Welsh companies advertising on S4C, in a market which tends to be heavily influenced by factors in London.

Our aim is to continue to explore ways of generating further advertising and sponsorship income, particularly from online and digital content delivery. Realising the aims set out in this vision would lay the groundwork to enable S4C to put further advertising offers in place which meet our needs and those of our advertisers.

Revenue returns from international programme sales – While this is a field in which S4C has traditionally achieved success, the statutory framework in more recent years has meant that exploitation rights are now held by producers rather than S4C. Today, we work with partners to invest in suitable co-production projects. This is our primary template for future exploitation of the commercial value of selected programmes. We have an ongoing relationship with Sony, designed to inspire producers to create formats for international distribution.

Significantly, as with any commercial activities, these are not just an investment in our own future; they are also potentially an investment in the economy. The creation of formats for Sony to distribute, will deliver additional revenue generating opportunities for the Welsh production sector.

Equity investments in relevant projects - Investing in business or co-production opportunities that can both help deliver our vision, and deliver financial returns. These tend to be longer-term investments and we aim to maintain a portfolio approach to this kind of investment. Recent examples of this kind of activity include:

- Series one and two of *Y Gwyll/Hinterland* have now sold to more than 20 territories around the world and have been seen in 130 further territories on Netflix, generating more than £2.6m in gross sales income shared across investors. Series three has now transmitted on S4C and will start its global journey shortly. High-quality TV drama from Wales is poised to achieve a wider impact on the international stage.

Working collaboratively with others – developing partnerships with other interested parties or those with expertise and experience which can deliver results for S4C:

- Developing new creative and commercial partnerships e.g. with consumer brands, organisations, venues or attractions which could generate new types of content for the linear channel, our website, or social media.
- Investigating new technological/media partnerships e.g. with ISPs/social media platforms, that could further enable new audience relationships/engagements with S4C.
- S4C has been instrumental in facilitating the creation of a new society lottery for Wales. Exclusive rights have been secured to broadcast the lottery results and to explore programming opportunities around the good causes that will benefit from the lottery.

Commercial Investment Targets
When considering commercial investments, we expect the business in question to demonstrate a positive NPV (Net Present Value) of cash-flow over three to five years using a discount rate of 15%. The return to S4C Commercial is likely to be through a combination of capital growth and dividends, although it is not possible to accurately forecast when returns will be delivered to S4C Commercial as often no exit is forecast for five years or more.

Enabling S4C's Commercial Potential

The current statutory provisions relating to S4C's ability to invest in new commercial activities can be cumbersome and disproportionate, limiting S4C's ability to generate our own new commercial revenue streams.

If we wish to engage in a new type of commercial activity with our own commercial money, which is not closely aligned with S4C's core service, we have to seek the Secretary of State's approval to lay a piece of legislation before Parliament and for Parliament to consider whether S4C should be allowed to enter into a new commercial project.

S4C believes that its commercial powers could be set out so as to allow S4C to invest and participate in a wider range of commercial projects without having to seek parliamentary approval.

Implementing new commercial powers
S4C proposes that our commercial powers be defined more broadly, in line with Channel 4's, by way for example of a general enabling order that could allow us to use our commercial funds to facilitate a greater number of commercial projects in Wales and to try and generate further commercial income. Such an order could be made by the Secretary of State by way of a Negative Resolution Order.²⁴

S4C's previous commercial powers
From 1996 to 2003 the statutory provisions governing S4C and Channel 4's commercial activities were broadly similar and enabled S4C to invest in a wide range of commercial activities in order to create additional income and capital value for S4C – which in turn would be invested back in to the channel's public services.

However since 2003, S4C's commercial powers and freedoms have been significantly curtailed by a framework that requires the Secretary of State and Parliament's approval for S4C to invest in certain types of projects.²⁵

Neither Channel 4 nor BBC Worldwide are subject to a regime where the Secretary of State and Parliament are required to approve certain types of investment made with commercially generated funds.

Being more commercial keeps S4C sharper, more in tune with its audience, competitors and other businesses, and ensures we are better placed to learn of, and capitalise on, opportunities as they arise.

²⁴ As set out in s.205(3) of the Communications Act 2003.

²⁵ New commercial activity considered by S4C Commercial could potentially require an Order under s.206 of the 2003 Act.

Targeted outcomes of our vision

We wish to become a future-fit media content provider that delivers public services at the highest levels for our audience, for the economy and for society as a whole, resulting in:

- excellent viewing figures and high levels of audience appreciation,
- a tailored service provision on TV and digital platforms – with the flexibility to launch on new platforms as necessary,
- a continued rise in the number of young Welsh speakers,
- S4C readily fulfilling public service obligations on diversity, social mobility, accessibility and decentralisation of jobs and investment,
- S4C continuing to support the buoyant production sector and stimulating further the development of a thriving digital economy in Wales, and
- the new S4C receiving a modest, yet sustained, increase in investment to deliver its plans.

CHAPTER 3:

DELIVERING THE VISION

S4C has thought long and hard about the future it wants for an exciting, enduring and sustainable service for our audience. We have listened to them, undertaken research and investigated the options within the present and proposed future media landscape.

Without a substantial change to our remit and sensible investment we will have a static service in the short-to-medium term, and the relevance of our service as it is today will slowly dwindle. The public's ability to access Welsh language content on popular platforms of the day will be further eroded and the place of the Welsh language in modern society will be undermined.

We want - and need - S4C to be enabled to flourish and evolve. In this way, the British media landscape remains diverse, buoyant and relevant; the Welsh language aspirations of the people of Wales are supported and Governments' support for the Welsh language is reinforced; the Welsh and British economies are able to benefit even more from the sizeable impact of our activities; we raise more revenue for our public services - and, of vital importance, Welsh speakers anywhere in the world can be informed, educated and entertained with fantastic content, in their chosen - and Britain's oldest - language.

To deliver our vision S4C is calling for:

1. A new remit - to empower S4C to meet the challenges
2. Stability, sufficiency and appropriate sources of funding - to arm S4C with adequate resource to deliver its remit in the digital age
3. Appropriate accountability, governance and regulation arrangements - fit for the S4C of tomorrow

A NEW REMIT

S4C's current remit refers to

*"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."*²⁶

This remit has not fundamentally changed since we began broadcasting in 1982. If our service, audience expectations, technology and the world in which we operate had remained static in the past 35 years this would not be an issue. But of course, these things have changed - dramatically and beyond all recognition. A television in the corner of the room is no longer the only way of watching content; there are now hundreds of linear and online channels, not four, and our audience can not only watch what, when, where and how it likes - it can even create its own content for public viewing online, as well as directly influence broadcaster content through the likes of voting via apps and social media commentary or campaigns. Since the arrival of digital television, S4C itself is viewed and enjoyed across the UK, and, where rights allow, abroad as well.

PSB vs PSM

Public Service Broadcasting is still important, but broadcasting should be seen as one of a number of tools at our disposal. We, along with other PSBs around the world, are no longer just providing a one-direction, linear broadcast television service. As different types of content evolve, along with how they are accessed by the audience, and as we develop our service in line with audience need, **S4C should be re-classified as a Public Service Media content provider**. This is a more contemporary reflection of our service and the way in which other UK PSBs are already operating. It will be relevant for decades to come and would bring S4C into line with UK and international PSB best practice.

As a PSM provider, we will build on the strengths of PSB, and maintain those elements, whilst recognising that broadcast is one of numerous modern content delivery methods.

It is clear that a 'television only' remit as defined by statute is outdated and constrains S4C's ability to offer our audience in Wales, across the UK and beyond, content by different and innovative means. Nor does a remit defining our audience as being limited to those living in Wales, reflect today's reality or the true value placed on the service.

Other public service broadcasters' remits have been updated in recent years to enable them to embrace new technologies so that they can serve audiences across all media platforms.

S4C believes that its public service remit should be updated to enable S4C to provide:

- (i) high-quality, Welsh language Public Service Media content;**
- (ii) on television and digital platforms;**
- (iii) to the audience in Wales, across the UK and beyond.**

An amendment to the types of service S4C can provide, enabling the provision of relevant digital media content that would be complementary to the current Welsh language remit (defined in Part 2 of Schedule 12 to the 2003 Act) could be made by the Secretary of State by way of a Negative Resolution Order.

Early Work within the Vision

Such is our belief in this considered new direction that we have, where it has been possible, already started developing and trialling elements of our vision strategy:

- We have put new people and processes in place.
- We are changing the nature of some of our existing producer relationships, engendering more competition and finding creative ways to obtain new types of content.
- We have prioritised, within limited resources, to ensure that S4C has a presence on some key platforms, rather than focusing solely on content.
- We have dedicated existing resource to growing our social media presence.
- We are investigating a raft of commercial investment opportunities, primarily through extending our own brands.

We will always work hard to explore new developments and introduce any that we believe to be vital to the service, but a change in remit is now essential to allow us to make the step change necessary from a single linear channel with limited digital offerings to a fully-fledged Public Service Media Content provider that can meet the needs of all of our audiences both now and in the future.

²⁶ Communications Act 2003, <http://www.legislation.gov.uk/ukpga/2003/21/part/3/chapter/1/crossheading/the-welsh-authority>

STABILITY, SUFFICIENCY AND APPROPRIATE SOURCES OF FUNDING

Stable and Sufficient Funding

To deliver our vision and secure the future of a vibrant, relevant and successful S4C for generations to come, stability and sufficiency of funding are crucial.

Under the Public Bodes Act 2011, the Secretary of State has a duty to consider the amount of funding required by S4C to enable us to provide our public broadcasting services, and then to make arrangements to ensure that this relevant amount of money is provided to S4C each year – either from Government money, or by making arrangements with other bodies to provide elements of the funding.

Currently, we have an agreed income from the TV licence fee of £74.5m until April 2022. The grant-in-aid from DCMS in 2016/17 was £6.762m. This, alongside transfers from our commercial subsidiaries, brings our total 2016/17 income to just over £83m.

To deliver and sustain the new levels of service we have described additional investment is required each year on top of our existing budget. Such additional investment, injected into our business at this pivotal time, will generate significant returns, including:

- increased engagement with the Welsh language, which will contribute to growth in the number of Welsh speakers,
- a more diverse and successful media service with greater audience engagement and increased appreciation,
- an even more competitive, creative and digitally-skilled production sector, and
- a higher level of contribution to both the Welsh and British economies.

What is Sufficient Funding?

(a) Realising Ubiquitous Content Delivery

Our aim is to deliver the platform and digital element of “Ubiquitous Content Delivery” over a five-year period. To do this without impacting on current levels of investment in content requires:

- additional annual investment of £6m p.a. This will enable S4C to deliver its service on broadcast TV as well as digital platforms, to invest in new content for audiences on digital platforms and to incorporate archive content into the online offer.

(b) The Cost of Creating the Right Content

There can never be an absolutely definitive answer to the question “how much funding does S4C require to create the right content?” Whatever the funding available, the broadcaster’s job is to provide the best possible service which can be delivered with that money.

However, we know that S4C’s current content budget is not sufficient to deliver the vision as set out in Chapter 2 and therefore additional funding is needed if it is to be achieved.

The independent review offers an opportunity for S4C to present the factors we consider appropriate and relevant for the reviewer to take into account whilst examining the question of what is sufficient funding.

A key element for the review to consider will be the benchmarks which other broadcasters offer, and particularly the way these change over time. These give an idea as to whether the quality and range of what is on offer is likely to meet expectations.

As we have argued, the breadth and depth of the choice now available in English, in terms of programmes, platforms and channels is stunning. In English, commercial providers can step up to the plate, where public service broadcasters falter. In Welsh, that is not the case. S4C is still the only Welsh language TV channel.

Repeats now represent 58% of the S4C schedule – a significant increase since 2010 (54%). Equivalent figures are BBC One - 23% and ITV 1 - 28% according to Ofcom’s 2016 PSB report. We would encourage the reviewer to consider these statistics and whether they are acceptable to Welsh speaking audiences.

At the same time, while other broadcasters have been able to increase their per hour investment, particularly in high-power entertainment, drama and sport, to provide the “juggernaut” programmes which drive mass viewing and create cultural talking points, S4C finds itself reducing its cost per hour across all genres.

In addition, S4C’s content budget must in future be insulated against inflation pressures as outlined previously in in chapter 2. This, we believe, should be a key consideration for the review.

A substantial increase in funding for new content would deliver a richer service, one better able to meet the diverse expectations of the Welsh-speakers of today. Our ambition is to do exactly that.

(c) A Transparent Process

The Public Bodies Act gives the Secretary of State the duty of providing sufficient funding for S4C but makes no reference to any process which should be followed in coming to a decision as to the amount required. This weakness has made S4C vulnerable to periodic cuts and allowed fears to be expressed regarding the continuation of the Government’s commitment to the service.

To allay such fears, and provide stability for a reasonable period, it should now be a priority for the review to identify an objective and transparent process for deciding what constitutes sufficient funding for S4C, based on a new remit.

The issues of sufficiency and stability of funding and sources of support are common considerations across Public Service Media provision worldwide. The European Broadcasting Union, for example, has identified the key principles as being:

- **Stable and Adequate.** A stable and predictable source of funding enabling full coverage of the public service remit in the digital media age
- **Independent from political interference.** Not reliant on political favour, thereby promoting public trust in PSM and its role as a truly indispensable service.
- **Fair and Justifiable.** Fair and objectively justifiable to the public and the market.
- **Transparent and Accountable.** An open and clear funding mechanism holding PSM accountable to its audience.²⁷

As one of the key pillars of public service media provision, S4C believes that stability of funding should be linked to a transparent process by which the level of funding is set for a specific and substantial period, such as five or ten years. This is the time-honoured convention with regard to the BBC, and as the only Welsh language TV content provider, S4C should be subject to similar levels of security and stability of sufficient funding.

There is recognition of this principle in the Framework Agreement which underpins the new BBC Charter and which requires the Secretary of State, the BBC and S4C, following the Review of S4C, to agree on a process for defining S4C funding from the licence fee for the period to 2027/28.

The process for defining S4C’s overall funding needs should include consideration of the following factors:

1. Audience expectations
2. The availability of Welsh language content on media platforms
3. Comparative costs of content creation and rights acquisition
4. S4C’s own efficiency
5. The principle of “read across” to the licence fee
6. Inflation and other cost pressures

These principles should be considered and discussed whenever there is a need to review S4C funding, including at the conclusion of this review.

Appropriate Sources of Support

A change in remit to become a broader-based PSM provider (incorporating our current PSB status) should encourage those involved with the review to look more broadly as to where this additional investment might come from. We are keen to be given the opportunity to raise more money from our own activities but we remain clear that the back-bone of our public service will be publicly sourced funding. This is in keeping with the common principles of public service media provision set out above, and the UK’s long-established tradition of public service broadcasting in English and in Welsh.

We have worked hard to ensure that the licence fee-sourced contribution towards S4C’s funding works well – co-operating with both DCMS and the BBC to establish sound processes and appropriate accountability. We will endeavour to ensure that S4C continues to effectively access this important source of funding, while maintaining its independence. With licence fee funding channelled through the BBC, maintaining a funding link with the UK Government, via the DCMS, has been vital for S4C’s continued independence and for our ability to carry out our Welsh language remit.

S4C remains firm in its belief that plurality of funding remains beneficial and a principle to be safeguarded for the future. Any future funding options must also maintain S4C’s status as an independent, trusted and impartial content provider.

²⁷ Public Funding Principles for Public Service Media, EBU, January 2016

CHAPTER 4:

THE ACCOUNTABILITY, GOVERNANCE AND REGULATION OF S4C

S4C is, and always has been, an independent organisation, with a unique remit, dedicated to providing a high-quality television service in the Welsh language. This independence has allowed us to compete and collaborate with a wide range of partners in the content industry, enabling us to promote and support a whole new sector of the economy in Wales and make a crucial contribution to Welsh culture. In Wales, where the number of national media providers is small, we make a vital contribution towards plurality of voice.

THE S4C AUTHORITY

In the legislation establishing S4C, the service is referred to as 'Sianel Pedwar Cymru' (S4C) and the body providing the service is referred to as 'the S4C Authority', or 'the Authority', which effectively acts as its Board.

Currently the S4C Authority's key responsibilities include:

- to ensure that S4C provides television services,
- to approve S4C strategy, annual budget and long term financial plans,
- to oversee, approve and scrutinise the proper management of S4C,
- to operate as a public body,
- to act as a regulator on certain matters,
- to prepare annual reports and accounts,
- to appoint a Chief Executive Officer and Secretary.

Function and Flexibility

S4C's governance structures and responsibilities have evolved since our launch in 1982 in line with changes in legislation, regulatory responsibilities, services provided and best practice developments.

At the beginning, members of the Authority were appointed as representatives of the governing bodies of other broadcasters and regulators, in order to give the new channel, the best possible chance of success. Some years later, the legislative transfer of many regulatory responsibilities to Ofcom meant that the concept of a self-regulating Authority became less important. Following the decision that funding for S4C would be provided primarily from the TV licence Fee, an Operating Agreement between S4C and the BBC Trust was put in place in 2012/13, with the BBC Trustee for Wales becoming a member of the Authority.

The regulatory relationship with Ofcom already exists and is well established over many years.

Relationship with the BBC

The presence of the BBC Trustee for Wales as a member of the S4C Authority during the 2013-2017 period has been valuable in ensuring a good understanding between S4C and the BBC in the context of a new funding relationship.

The BBC will shortly move to a unitary board model of governance and accountability and this will require modifications to the relationship between the two broadcasters.

There is agreement between us and the BBC, as there is a major difference between the functions of the BBC Trust - a non-executive, regulatory body - and those of a unitary board, that there should no longer be a requirement for there to be a BBC representative on the S4C Board/Authority.

It will, however, be important for there to continue to be a strong link between S4C and the BBC both at UK and Wales levels, to ensure collaboration and cooperation to deliver the greatest possible benefits for viewers.

Formal requirements should be put in place regarding frequency of minuted meetings, between the Chair of S4C and the Chair of the BBC, and between the S4C Chair and the BBC Board member for Wales, in addition to appropriate provisions for continuation of the Joint Partnership Board between the S4C and BBC Wales executives.

With the BBC's new structures coming into force in April 2017, it has been necessary to discuss with the BBC new accountability arrangements for S4C's receipt of TV Licence Fee income as of that date, prior to the commencement of the S4C Review. We anticipate that the outcome will be a new agreement which will stand in place of the 2013-17 Operating Agreement. Discussions are at an advanced stage.

Key elements of an appropriate governance and accountability structure

We recognise the opportunity the review offers to take a fresh look at all aspects of S4C's accountability, regulation, governance and funding, and look forward to participating in discussions on these matters. As S4C moves from being a Public Service Broadcaster to being a Public Service Media Content provider, there will be a number of core functions relating to the provision of the service that will continue.

Specifically, there will be a need to:

- receive and be accountable for public money;
- consider audience expectations;
- plan the service and define priorities;
- secure relevant legal rights;
- commission content;
- ensure distribution of content;
- ensure the content is promoted;
- review performance.

In this document, our intention is not to put forward a fixed corporate view as to the best structures for S4C's future, but to identify those elements which we believe to be fundamental to support our ambition for the S4C service of the future and its role in the lives of people in Wales, the UK and throughout the world.

S4C suggests that the elements are as follows:

- S4C exists as an **independent organisation** to provide television and media services in the Welsh language and to collaborate with a wide range of partners in the content industry.
- S4C should have a **revised remit**, which should include the specific duty of providing Welsh language television and media services for the audience across the UK; and provides us with the ability to adapt and develop our service provision as technology and user needs develop.
- S4C is funded primarily **by public funds** but has the ability to undertake **commercial activities** through subsidiary companies which may not, however, draw on public funds.
- S4C has the ability to exercise powers to **borrow funds for defined purposes** within limits set out by the Secretary of State and the Chancellor of the Exchequer.
- The **processes** by which S4C accounts for its use of public funds and for delivery of its remit are appropriate and clear.
- The processes by which decisions are reached as to what constitutes **sufficient funding** for S4C to fulfil its remit are appropriate and clear.
- Accountability to **Ofcom** for most regulatory matters (with the exception of certain specific subjects, such as language guidelines and policies) is confirmed.
- **Non-executive** appointees, fulfilling a broad range of criteria related to the new remit, should represent a clear majority of the governing body or Board.
- The **appointment** of such non-executives should be made via a transparent public appointments process.
- The **Chief Executive** should be appointed by the non-executive members of the Board.
- The Board should be responsible for ensuring appropriate, high-quality **corporate governance** arrangements, in line with UK best practice.

- The Board should be responsible for implementing an appropriate process for **evaluation and reporting** on service performance measured against objectives.

Final Word

The UK Government's independent review comes at a crucial time in the development of modern media and in the history of the Welsh language.

Across the world, ancient languages are disappearing as cultures assimilate and technology creates new communities of interest.

The establishment of S4C in 1982 was a transformational event and, along with the success of Welsh-medium education, has been one of the principal reasons why Welsh is seen, internationally, as one of the lesser-spoken languages which has the strongest chances of survival. It is spoken, heard and, yes, sung with passion - in the home, on the street, in the workplace and on the field of play. It is one of the oldest languages in the world and it forms an integral part of Welsh and British culture.

35 years on, the environment in which S4C operates is changing fundamentally. The time is right to set out an achievable vision for the next ten years and to address how best to deliver such a vision.

In S4C: Pushing the Boundaries, we have done that.

We need:

- an agreement that it is right for S4C to want to be a Public Service Media provider in the Welsh language and not simply a broadcaster;
- a recognition of what that implies and the benefits it can deliver; and
- a process for defining the funding requirement.

We look forward to taking part in the public discussion which we hope the review, and this vision for the future of S4C, will bring about.