

The Rt Hon Oliver Dowden CBE MP  
Secretary of State for Digital, Culture, Media and Sport  
100 Parliament Street  
London  
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Dyddiad | Date: 5 February 2000

Pwnc | Subject: 2022 Licence Fee settlement

Dear Oliver,

I understand that you have written to S4C to ask them to submit financial information relevant to your preparation of the next Licence Fee Settlement which starts in April 2022.

As you set out in your letter to Owen Evans of November 2020, 'the Royal Charter (article 43.5) requires the BBC to submit such information as [you] may reasonably require in connection with [your] determination of the funding settlement', and 'In recognition of S4C's unique position as the only Welsh Language broadcaster and your distinctive operating model, [you] have agreed that for the purposes of this exercise the BBC and S4C will return separate information.'

I welcome this opportunity for S4C to provide greater detail on their economic impact, creative output and the public service value they add to our media landscape.

I would like to add some of the findings of our committee inquiry into the role of S4C which was published in 2017. One of the main concerns noted during the inquiry was the level of funding for S4C. The report set out the background:

'S4C has suffered significant cuts in recent years. In 2011-12, S4C received £101 million from the UK Government. That funding allocation would now need to be around £111 million if it had kept pace with inflation. Instead, S4C's funding has been cut to just £81.3 million in 2016-17. While the DDCMS review offers an opportunity to look at the full range of issues that is affecting S4C at present, including what constitutes fair funding for the channel, we believe these cuts have been both severe and disproportionate.'

The Committee concluded that 'Overall, the changes have meant that S4C has faced budget reductions of at least 36 per cent in real terms since 2010.'

Members agreed that:



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'it is absolutely clear to us that the funding reductions suffered by S4C have had, and are having, a lasting and severe impact on its ability to provide its service. There was no dissent from witnesses that S4C's funding is now insufficient and needs to be increased significantly. If this does not happen, the service may decline to the point where it will be unable to sustain the interest and support of the audience it is meant to serve let alone develop the new services that are needed for the modern digital world.'

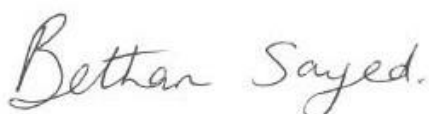
Based on the evidence from the inquiry, the recommendations of that report included:

- [there] should be a recognition of the scale of cuts that S4C has suffered since 2011-12 with future funding based on a clear definition of the service requirements that S4C is expected to deliver and funding set at a level to enable S4C to successfully deliver these requirements;
- whatever funding arrangements are agreed for S4C following the DDCMS review, regular independent reviews and assessments of S4C's funding needs should be a feature of any new settlement;
- [there should be] a mechanism for ensuring that S4C's income is increased in line with inflation should be built into whatever funding settlement is agreed following the DDCMS review;
- that consideration be given to linking S4C's funding and review arrangements to those of the BBC;
- that the DDCMS should continue, as long as S4C remains non-devolved, to provide a significant part of S4C's public funding;

Since this report was published it has become apparent that the substantial content budgets of online streaming giants, such as Netflix and Amazon, make it harder for S4C to compete for viewers. Unfortunately the increase in streaming content has not led to an increase in Welsh language content. This lends even more urgency to the need for public funding to support Welsh language content production and broadcast.

Given the scale of the funding pressures on S4C set out in our report in 2017, and the fact that the multi-channel media landscape is increasing the need for S4C to do all it can to compete with viewing on demand services and internet channels, it is more important than ever that S4C receives sufficient funding to enable it to continue to thrive.

Yours sincerely,



Bethan Sayed MS

Chair of the Culture, Welsh Language and Communications Committee

