



Department for
Digital, Culture,
Media & Sport

Rt Hon Nadine Dorries MP
Secretary of State for Digital, Culture,
Media and Sport
4th Floor
100 Parliament Street
London SW1A 2BQ

E: enquiries@dcms.gov.uk

www.gov.uk/dcms

21 January 2022

Siân Doyle
CEO
S4C

Rhodri Williams
Chair
S4C

Our Ref:
MC2022/00960/HG

Dear Siân and Rhodri,

Final determination of the 2022 Licence Fee Settlement

In accordance with my duty under section 61 of the Broadcasting Act 1990, and after consultations between my Department and S4C over recent months and having considered the information you have provided, I am writing to you to convey my decision on the second funding settlement to begin on 1 April 2022. Henceforth this will be referred to as my Final Determination.

S4C has a unique cultural and social position as the only Welsh language broadcaster in the UK, playing a vital role in the future of the Welsh language and the Welsh Government's ambition for one million Welsh speakers by 2050. S4C's submissions to this settlement process have clearly demonstrated the broadcaster's positive economic impact, particularly in traditionally disadvantaged regions of Wales, which will be of increasing importance as the nation looks to recover from the effects of the Covid-19 pandemic. I also recognise the impact from the rise of streaming and Video on Demand services; while this is not a challenge exclusive to S4C, it does have a specific impact on the viewing habits of those younger and multilingual audiences who are vital for ensuring the future of the Welsh language.

My Final Determination confirms that S4C will see the consolidation of its current Licence Fee funding (£74.5 million per annum) together with the current level of grant income from my Department (£6.85 million per annum). I also confirm my intention to award S4C a further £7.5 million per annum from the Licence Fee to support its digital development, which is now necessary for the continuation of the service in the modern media landscape. In total, this will provide S4C with approximately £88.85 million in Licence Fee funding from 1 April 2022.

In recognition of the financial pressures currently being felt across the nation and by individual households, this figure will stay fixed in cash terms for the first two years of the settlement (i.e. 2022-23 and 2023-24), before increasing annually in line with CPI inflation for the subsequent four years from the third year of the settlement period (i.e. from 1 April 2024 and for each subsequent year of the period until 31 March 2028).

In parallel to this letter, I have also conveyed my Final Determination for the overall Licence Fee settlement to the BBC.



I believe this settlement provides sufficient funding to ensure a sustainable future for S4C in the digital age, including providing financial certainty of a six year settlement until the end of the current Charter period, and accurately reflects the value that S4C provides both within Wales and across the UK. It is also in line with the recommendation that the licence fee should be the sole source of funding for S4C from the Independent Review of S4C completed in 2018.

Next Steps

I know S4C have been working with my officials to clarify the **quarterly reporting arrangements** that the Government requested earlier during the process. We want to put appropriate oversight arrangements in place to both monitor progress against your remit and public service requirements as set out in legislation and your detailed budget activity, as a result of the change in funding source and the uplift in funding to develop S4C's digital offering. Now that you have the details of my Final Determination, it is important those arrangements are finalised. I would in particular expect to see your plans for the coming financial year before April, so that we can collectively satisfy ourselves that you have a suitable strategy in place to adapt to the digital age.

While the funding model of the BBC is set for the remainder of this Charter period, there is a need to **review the Licence Fee model before Charter review**. It is clear to me that rapidly evolving distribution technologies and changing consumer behaviour means that the current Licence Fee funding model is facing challenges to its sustainability and appropriateness. This is something we will need formally to start to consider in the near future, and I hope S4C is ready to contribute to that consideration given the potential implications for your own funding arrangements.

I am copying this letter to the Prime Minister, the Chancellor of the Exchequer, the Secretary of State for Wales, the Minister for Media and Data, and my Permanent Secretary.

Yours sincerely,



Rt Hon Nadine Dorries MP
Secretary of State for Digital, Culture, Media and Sport