Coimisiún na Meán

Draft Statement of procedure and methodology for the three-year appraisal of PSMs, 2028-2030

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Contents

Introduction

This document sets out the procedures and methodology to be used in the three-year appraisal of Public Service Media Providers (“PSMs” – TG4 and RTÉ) for the period 2028-2030. Coimisiún na Meán (“An Coimisiún”) is to renew the methodology for each three-year appraisal, and while the approach set out here may form the starting point for the next appraisal, that is to be determined at the time.

The document describes both the detail of the required steps specified at a high level in the Broadcasting Act as amended (“the Act”), and also certain additional activities designed to enhance the process laid out in statute.

The purpose of the process is to support decisions about funding and performance commitments (“PCs”) for the PSMs. For public service media, assessing value delivered, value-for-money, efficiency and appropriate funding necessarily involves significant judgement. Thus, the process seeks to provide relevant information and analysis to An Coimisiún and other decision makers to best inform these judgements.

The PSMs themselves are best placed to assess how they might efficiently deliver public value. As good custodians of public funds, they should be making considered decisions about how to optimally use existing funds. Further, they should be satisfying themselves as to the value-for-money associated with additional funds before making a request for such funding. The procedure is designed to build on this existing internal analysis.

This process also assumes that the PSMs should be well placed to specify the performance commitments that best articulate the public value they deliver. By extension, if incremental funding is likely to deliver commensurate additional value, this should be apparent in the performance commitments. In effect, this process uses improved performance commitments as the ‘consideration’ which PSMs can ‘bid’ for increased funding.

Framework for the appraisal

At a high level, the appraisal is intended to support a funding recommendation by An Coimisiún to the Minister, and the determination of a matching set of performance commitments.

Scope

The three-year appraisal is an important element of funding and PC decisions for the PSMs, but it is not the only way in which such decisions are made. For example:

- Approval of a new service under §103 of the Broadcasting Act may be relevant to both funding and PCs (and will often take place between three-year appraisals)
- Other agencies may undertake reviews that are relevant to funding decisions (for instance, as part of NewERA's advisory role to Ministers on financial and commercial matters) and these too may sit outside the three-year appraisal
- There may be government policies regarding PSM funding, that will sit outside (and above) An Coimisiún's three-year appraisal process

Therefore, this framework does not seek to cover all funding and PC eventualities, nor to substitute for these other 'external' factors. Rather, it focuses on decisions 'in the ordinary course', while reflecting external factors when they exist.

Also, as a practical matter, there is limited time available for An Coimisiún's formal assessment within the statutory process (two months from PSMs' submissions to delivery of a report to the Minister), which means a detailed review of all relevant issues is not possible.

Categories of funding

The framework is based on three categories of funding – 'business as usual' and two categories of additional funding, 'one-off' and 'augmentation'. These categories carry an increasing burden of proof for the PSMs, with augmentation funding subject to the most scrutiny.

'Business as usual' funding

'Business as usual' ("BAU") funding is that necessary to continue providing a level of services equivalent to that provided prior to the three-year appraisal in question.

Barring exceptional circumstances, it will set the minimum level of funding that An Coimisiún will recommend. This provides two important safeguards. Firstly, it should ensure that PSMs can continue to meet their objects, if it provides equivalent funding to prior years where those objects were met or exceeded. Secondly, it should provide significant protection for functional and editorial independence.[1] The methodology for BAU funding is entirely independent of any editorial choices - past or future - made by PSMs, and therefore cannot represent either punishment or reward for those choices.

In and of itself, neither an increase in funding nor a decrease nor an absence of an increase can be seen as a threat to editorial independence. Governments and regulators regularly make such decisions

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[1] References to functional and editorial independence in this document are to be read in the context of the Act and the European Media Freedom Act

across Europe without raising independence concerns. Rather, it is the *motive* for the decision that may trigger concerns.

This framework is high-level in its assessment of BAU funding. An Coimisiún's expectation is that its recommendations will include as a baseline continuing funding for these offers, allowing for inflation but with an expectation of ongoing efficiency improvements. This is expressed as HICP-X, where HICP reflects the anticipated inflation for the next three years, and X reflects an efficiency assumption.

For this appraisal:

- Based on forecasts from the Department of Finance, HICP is set at 1.7, 1.8 and 2.0% for 2028, 2029 and 2030 respectively[2]
- X is set at 2%.

> HICP is a European-standardised measure of inflation. It is closely related to CPI, but excludes mortgage costs and is thus a better measure of input costs for broadcasters.
>
> HICP is used as the anchor for financial controls of water, electricity and gas in Ireland.

This approach does not mean that PSM funding should never be reduced – rather, that this would be (say) as a consequence of a separate review of existing efficiency, or as a matter of government policy. As noted above, these would sit outside the appraisal.

In the appraisal process, PSMs are required to offer their financial forecasts and set of performance commitments they propose, if they were continuing with only business-as-usual funding.

Additional funding within the appraisal process

Above business-as-usual funding, PSMs may apply for 'one-off funding' and 'augmentation funding' in the appraisal.

One-off funding is time-limited funding for a particular purpose, such as a significant capital project, balance sheet repair and the like. The purpose must not create any lock-ins or endowment effects that might lead to it becoming a de facto ongoing commitment.

Augmentation funding supports a material and ongoing improvement of the existing service offers, where it is not practical for a PSM to fund that improvement by diverting resources from other activities. Augmentation funding might (initially) be used for increased hours of Irish drama, for example.

In any three-year appraisal, a PSM may choose whether it wishes to seek one-off and/or augmentation funding. If so, it will provide both financial forecasts and PCs that reflect the impact of this additional funding.

The uplift in performance commitments associated with the additional funding will generally form the basis for An Coimisiún's judgement as to whether that additional funding delivers commensurate public value by addressing audience needs, and by extension whether it should form part of An Coimisiún's funding recommendation to the Minister.

Expansion funding

Not included in this assessment is 'expansion funding'. This is funding to support a change in scope of the activities of a PSM, with its own separate approval process. Examples include Cúla4 (approved via section 103 of the Broadcasting Act) and Nuacht TG4 (a recommendation of the Future of Media

[2] Department of Finance, *Annual Progress Report*, April 2026

Commission, accepted by government). As discussed above, it is not the purpose of the three-year appraisal to substitute for such external processes. That said, such external decisions need to feed back into this framework, and to this end, it is recommended that any such funding be expressly associated with improvements in performance commitments, that would then become part of the PC 'baseline' for subsequent annual and three-year appraisals.

Impact of commercial income

Both PSMs earn commercial income, and this is particularly important for RTÉ. While a HICP-X formula sets the *total* funding for business as usual, the public funding required is this less commercial income. However, if increases in commercial income result in an equivalent reduction in public income, there is no incentive for PSMs to grow that income.

Therefore, the approach in this methodology is to calculate recommended public funding on the basis of commercial income being fixed in nominal terms.[3] This has the effect of allowing the PSMs to keep the benefits of any commercial income growth during the three-year period, creating an incentive for such growth.

In subsequent three-year periods, if there has been commercial income growth in this initial three-year period, public funding might be reduced over three years by the amount of that growth. This means that PSMs would retain some benefit of the growth for a maximum of six years, but thereafter the benefit would accrue to the taxpayer.

Expectations of PSMs

While this framework calls for business-as-usual financial forecasts and PCs plus (if additional funding is sought) equivalent forecasts and PCs reflecting the addition, it is not expected that this will create material additional regulatory burden.

The Public Spending Code applies to some aspects of PSM spending, in particular new, additional expenditure.[4] It sets out requirements for appraisals before committing to such expenditure. When PSMs have sought additional funding, it has generally been for an ongoing increase in budgets. Such 'perpetual' increases have significant current value. Using DPER's current 4% 'test discount rate', a €1m increase in annual funding has a current total value of €25m.[5] The Public Spending Code requires public bodies to undertake either a Cost Benefit Analysis (CBA) or Cost Effectiveness Analysis (CEA) for spend commitments over €20m.

PSMs will have undertaken their own internal assessments of the merits of additional funding, as far as practical consistent with the approaches set out in the Code. Thus, the three-year appraisal requirement that a request for additional funding be accompanied by forecasts of its costs and benefits (the latter articulated in part via performance commitments) should not represent additional regulatory burden, but rather the sharing of analysis undertaken to satisfy PSMs' own boards that the additional spend provides commensurate additional public value.

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[3] As with the 'X' for efficiency savings, this is an assumption that may change for future reviews

[4] Regarding current expenditure, see DPER, *Public Spending Code - A Guide to Evaluating, Planning and Managing Current Expenditure*, July 2012

[5] This is a simplified example, omitting certain key adjustments. For a more detailed discussion, see Appendix 2

Outline of methodology and responsibilities

The chart below summarises the methodology set out in this document. The methodology is a mix of stages mandated by statute, and informal stages designed to support the statutory process. It also draws on work undertaken by An Coimisiún and the PSMs prior to the publication of this methodology.

1 Pre-assessment work

CnaM PSMs

Up to end January — INFORMAL

- PSMs draft strategic plans and cost-benefit-analyse any funding they intend to seek
- CnaM reviews past PCs, builds audience evidence and sets HICP-X assumptions

◆ Publication of the Statement of Procedure & Methodology

CnaM

End January — STATUTORY • §112B

2 Pre-submission discussion

PSMs CnaM

February – April — INFORMAL

- CnaM shares its view of audience needs; performance commitments discussed
- PSMs may pre-brief CnaM on funding proposals

3 Submission by the PSMs

PSMs

By end April (within 3 months of methodology adoption) — STATUTORY • §112C(2)

- Financial forecasts for BAU funding, plus any one-off / augmentation request
- Proposed performance commitments and a strategic narrative

4 Assessment & report by CnaM

CnaM

By 30 June — STATUTORY • §112D & §112E

- Assesses funding requests against the expenditure path, state aid and EMFA
- Assesses incremental value associated with any requests for additional funding
- Commissioners' funding recommendation & determined PCs sent to the Minister

Key responsibilities related to this process are as follows:

PSMs	Determine strategy to meet objects and audience needs Editorial decisions Financial planning Develop performance commitments to articulate PSM's value Initial review of incremental value from one-off and augmentation funding Ensuring efficiency of operations [Ongoing audience research and understanding]
An Coimisiún	Assessment of audience perceptions and needs Judgement and recommendation on one-off and augmentation funding Determination of performance commitments to ensure alignment with objects and audience needs and tracking of key issues Specification of efficiency and commercial revenue assumptions
Minister	Funding decision in light of An Coimisiún recommendation (Exceptionally) funding guidance based on government policy

Pre-appraisal work

Timing

Pre-appraisal work will take place in the months leading up to the publication of the final S*tatement of procedure and methodology* in January of the relevant year.

Statutory requirement

None

Description

In the run-up to the appraisal, both the PSMs and An Coimisiún will be undertaking work that – while not formally part of the appraisal – will be important underpinnings.

PSMs will be:

- *Developing their strategic plans.* While the definitive strategic plans depend on funding decisions (amongst other factors) later in the process, we would expect PSMs to have developed high-level provisional plans for their own use much earlier in the process, and certainly prior to their formal submissions to An Coimisiún. Both financial forecasts and proposed PCs will depend on the PSMs' view of strategy.
- *Undertaking cost-benefit analysis* (at the appropriate level) for any proposed additional funding, to satisfy themselves the extra spend represents good value for money.

An Coimisiún will be:

- *Assessing each PSM's performance against its past PCs.* This will become more relevant from the second appraisal onwards, when there is a prior set of PCs prepared according to this methodology to consider. The PCs are not intended to be a straitjacket, and it is possible that PSMs may legitimately have diverted resources from one commitment to another. Thus performance against the PCs will be assessed 'in the round'. (If past funding did not match that against which PCs were set, this will also need to be taken into account). However, overall performance against PCs provides a perspective on PSMs' ability to deliver value from both their base and their incremental funding.
- *Developing its perspective on audiences*. An Coimisiún may draw on various sources to understand audiences' views on the PSMs and their delivery, including An Coimisiún's own market research, consumption metrics and so on.
- *Specifying key assumptions,* in particular the 'X' efficiency assumption, the appropriate HICP assumption, and the assumption for future commercial revenue.

Pre-submission discussion phase

Timing

Pre-submission discussions will take place in the three months from publication of the *Statement of procedure and methodology* to the PSMs' submissions (February to April). Some aspects may be part of wider ongoing dialogue between An Coimisiún and the PSMs

Statutory requirement

None

Description

The purpose of this phase is to support the PSMs in putting forward the strongest possible submission. There are two key aspects to this: building a shared understanding with An Coimisiún of different audience wants and needs; and identifying how best to use performance commitments to articulate each PSM's delivery of public value. If a PSM is seeking additional funding, it is also an opportunity to pre-brief An Coimisiún on supporting proposals.

Audience needs

Editorial independence, section 98 of the Broadcasting Act,[6] the European Media Freedom Act (EMFA)[7] and the need for clear lines of responsibility all argue for the PSMs (under the supervision of their boards) having considerable discretion as to how to meet their objects. This discretion certainly includes choices regarding programming content[8]. PSMs also have considerable latitude as regards their scheduling, genre mix and so on.

However, an assessment of audience needs and more generally the PSMs' performance against their objectives is not a matter for the PSMs alone. An Coimisiún will have its own views on these issues, and in this pre-submission discussion phase (or earlier), An Coimisiún will share its perspective with the PSMs (developed in the previous phase).[9]

It is for the PSMs to determine if and how they meet the audience needs identified by An Coimisiún. However, an application for increased funding to serve an audience need other than those identified by An Coimisiún will need to demonstrate the greater public value anticipated by the PSM.

[6] "Subject to the requirements of this Act, a corporation shall be independent in the pursuance of its objects"

[7] *Regulation (EU) 2024/1083 of The European Parliament and of the Council of 11 April 2024*

[8] Subject to basic standards, such as those set out in the *Code of Programme Standards*

[9] One item in the Future of Media Commission's Recommendation 5-4 was "Coimisiún na Meán to commission further audience research on attitudes to PSM". FoMC, *Implementation Strategy & Action Plan*, 18 January 2023

Performance Commitments

The performance commitments are pivotal to both performance tracking and to the funding decisions. The PSMs submit PCs in the next phase, and An Coimisiún then determines final PCs. However, this pre-submission phase provides an opportunity for PSMs to discuss with An Coimisiún which types of performance commitments are likely to best articulate the value they expect to deliver in the coming three-year period.

While it is ultimately for An Coimisiún to determine the PCs, this improves the chance that only modest amendments, if any, will be necessary to the PCs submitted by the PSMs.

Case for increased funding

If a PSM is seeking additional funding – either one-off or augmentation funding – this period can be used to brief An Coimisiún on proposals, addressing questions of clarification in advance of the short formal appraisal phase. At their discretion, PSMs may then revise their proposals in light of An Coimisiún comments prior to formal submission.

Validation of HICP-X calculation

As discussed in the next section, PSMs are to include in their submission a forecast of finances and PCs against BAU funding, based on the HICP-X calculation applied to their ongoing funding from the prior period. Early validation of this calculation will ensure that the forecasts are on a solid basis.

Submission by the PSMs

Timing

Submissions are due within 3 months of the adoption of the *Statement of procedure and methodology*, approximately the end of April

Statutory requirement

According to §112C (2) of the Act, the submission by the PSMs shall set out:

a. the corporation's proposals for the performance commitments and intended outputs of the corporation for the appraisal years and the performance indicators and metrics to be applied to them,
b. the corporation's projection of its input costs and cost structure, and of its current expenditure and capital expenditure to meet those costs, for each of the appraisal years, and how they relate to the performance commitments and intended outputs of the corporation proposed under paragraph (a),
c. the corporation's resources projected by the corporation for each of the appraisal years, other than funding under section 123 in those years, and
d. any other information that is required by the statement of procedure and methodology or is required by the Commission by notice in writing to the corporation.

Description

BAU funding

To support BAU funding (and analysis of the incremental benefits of any additional funding sought), PSMs shall provide:

- Financial statements for the prior two years (2025-2026 for this initial three-year appraisal) and budget financials for 2027
- A schedule setting out their application of the HICP-X calculation to their ongoing BAU funding[10]
- Forecast financial statements for the current three-year period (2028-2030) against BAU funding
- Proposed performance commitments for the current three-year period
- A strategic narrative
- A discussion of efficiency
- Notification of any planned applications for expansion funding and/or applications under sections 103 and 104 of the Broadcasting Act
- (Exceptionally) a 'statement of non-compliance with statutory objects'

Financial statements – historic, budget and forecast – shall include profit and loss (P&L), balance sheet and cashflow, in a format consistent with that used in the PSM's annual report.[11] Public funding (for current and capital expenditure) and commercial income shall be broken out. Given timings, the historic

[10] For an illustrative BAU funding calculation, see Appendix 3

[11] Headings used in the forecast statements may be reasonably aggregated to simplify forecasting. However, this should be discussed with An Coimisiún prior to submission

statements for the prior year will likely be provisional, and An Coimisiún recognises they may be subject to change. If a PSM believes there is material uncertainty against the prior year figures, it should notify An Coimisiún of this in its submission.

Financial forecasts should be based on commercial income that is fixed in nominal terms. However, if a PSM believes it will face material nominal declines in commercial income in the three-year period, it may provide a note setting out its own forecast and rationale. Financial forecasts should also take account of any identified material inefficiencies (identified as a result of a separate efficiency assessment or similar). The income calculated on the basis of HICP-X should be adjusted downward to reflect the management of those inefficiencies over the three-year period (in addition to the ongoing efficiencies represented by 'X').

The starting point for the *HICP-X calculation* is the ongoing income in the most recent year (public and commercial) – that is, excluding any one-off funding that may have been part of that year's public funding. One-off funding includes both any funding explicitly declared as such in a prior three-year appraisal[12], and any funding increments provided at ministerial discretion outside the context of a three-year appraisal. The requested schedule should set out the PSM's view of the split of the prior year's income between ongoing and one-off, and, using the former as a basis, the future BAU funding based on the HICP-X formula.

The financial forecasts should not reflect a material aggregate deficit over the period. In other words, over the period costs should be approximately consistent with the income provided by the BAU-X approach.

As noted, the format of the forecasts should match that of the PSM's annual report.

Performance commitments shall meet the guidelines set out later in this document, and take into account any dialogue with An Coimisiún regarding PCs in the pre-submission discussion phase. It is expected that in-the-round PCs for BAU funding will provide broadly similar performance to prior years (with roughly equivalent funding), though both the choice and level of individual commitments may change, based on a PSM's developing strategy, redeployment of resources, market changes and so on.

PSMs shall also provide a *strategic narrative*. This is not intended to be a full strategy, which is to be prepared later in the process. Rather, it should be a description of key areas of priority over the next three years, how they are being addressed and how resources are being (re)deployed to meet these priorities. This narrative is intended to provide context for the financial forecast and PCs. Note that this narrative is not 'binding', and the final strategy submission may vary from it.

The *discussion of efficiency* shall outline the steps the PSM has taken to reduce costs while minimising impact on quality of output over the prior three-year period, and the steps it plans to take in the three years ahead.

If relevant, the PSM provides An Coimisiún with a *notification of planned application for expansion funding*, if they have a current expectation that they will be making an application during the three-year period for such funding outside the scope of business-as-usual. Most commonly, this would be under section 103 of the Broadcasting Act to launch a new service. A new Joint Venture (under section 104) may also require funding.

If (exceptionally) a PSM believes that its current level of funding is insufficient to meet its statutory objects, it shall provide a *'statement of non-compliance with statutory objects'* setting out which objects

[12] Note that this does not apply in this initial three-year appraisal

it is failing to meet; why current funding is inadequate to remedy this situation, and what incremental funding is necessary to bring the PSM back into compliance.

Application for one-off funding (optional)

PSMs may, if they wish, apply for one-off funding for a particular purpose. However:

- This would not include ‘typical’ CapEx, which would be covered under BAU funding
- The funding must be clearly time-limited, with no potential to create endowment effects or other reasons why in practice it might be difficult to cease such funding
- There must be a strong case as to why public funding is necessary for this purpose (for instance, a property redevelopment that would generate future income might be fundable by debt rather than a grant)

If making an application for such funding, the PSM shall provide:

- The level and nature of public funds sought (operating vs capital expenditure) and how they would be spread over the three-year period
- A financial ‘overlay’ showing how the funds would incrementally impact the financial forecasts provided under BAU. It should be in the same format as the BAU forecast, and should represent the financial costs (and benefits, if any) of the purpose in question)
- A narrative description of the purpose; how the spend will meet it; and how it meets the criteria for one-off funding, in particular how it will be time-limited
- The non-financial benefits of the purpose. If practical (and if the benefits of the spend are to be long term), these should also be articulated as increments to the performance commitments offered under BAU. However, for some purposes (such as balance sheet remediation, say) this may not be appropriate. In such cases a ‘spotlight PC’ should be proposed. (A spotlight PC is generally time-limited, and is designed to illuminate the performance of a particular initiative or an area of concern, and is more focused than the more strategic PCs. See Appendix 1 for a more detailed discussion).

Application for augmentation funding (optional)

Under this heading, PSMs may choose to apply for ongoing additional funding. This is intended to be for key activities that could not otherwise be funded under BAU. As such, the required funding is likely to be at least 2% of a PSM’s existing total income. Ongoing spend at this level represents a material commitment of public funds, and as such the evidence supporting the PSM’s application needs to be solid (though this is likely to have substantial overlap with the evidence the PSM developed to satisfy itself that the use of the additional funding was going to represent good value for money).

Further, PSMs will have satisfied themselves that the proposed spend could not be funded from BAU funding. For example, are there lower value existing activities that could be ceased, with funds redeployed to the new or expanded activities? (In such case, it would still be open to the PSM to apply for augmentation funding, but it would be to fund continuation of the *displaced* activities, not the new activities, which should already be incorporated into BAU funding). An implication of this is that if funding is sought for new or expanded activities, those activities may be assumed to be lower value for money than all existing activities (since otherwise the new activity would be incorporated in BAU, with a lower value existing activity displaced).[13]

If applying for augmentation funding, a PSM shall provide:

- The level and nature of public funds sought (operating vs capital expenditure) and how they would ramp up during the three-year period
- A calculation of the current value of the request, using the methodology set out in Appendix 2
- A financial 'overlay' showing how the funds would incrementally impact the financial forecasts provided under BAU. This should reflect any additional commercial income that may be generated
- A set of improved performance commitments reflecting the increase in performance associated with the additional funding (with differences from the BAU PCs highlighted)
- A proposed 'spotlight PC' for the funding increase in the short term, if appropriate
- A narrative, describing:
    - The basis for the forecast of improved PCs
    - The use of the money within the three-year period (note that this is supporting information, rather than An Coimisiún's primary basis for assessing the merits of the application)
    - Whether the initial use of the money will create 'lock-in', or whether the money will in effect be fungible, redeployable for other purposes in time if appropriate
- If funding is sought for new or expanded activity, a note summarising the PSM's analysis that led it to conclude funding via redeployment of existing funds was inappropriate under BAU
- A note setting out the internal approval processes (if any) that have endorsed the proposal

For the narrative explaining the basis for the improved PCs, PSMs should explain how the particular uses will support improvement in the PCs in question. As far as practical, it should explain why spend in these areas will support the *magnitude* of increase expected. The PSM might (say) demonstrate that spend was going to an area of relatively greater audience dissatisfaction, and thus was more likely to enhance overall perception of quality; or it might be addressed to audience segments that were relatively dissatisfied.

In many cases this is likely to be a qualitative assessment rather than an analytical one.

If it chooses, the PSM may specify an 'off-ramp' for the augmentation funding – that is, a future test of the effectiveness of the funding, that if failed, would lead to its withdrawal. This may be appropriate if the use of funding is more experimental or uncertain in its benefits. A funding request with such an off-ramp is more likely to be approved, since it represents lower long-term risk.

If seeking augmentation funding, the PSM should apply for the level of additional funding that it believes represents the best value for money, in terms of additional value delivered for additional cost. (For example, too low a figure might be insufficient to fund a particularly valuable project, but conversely too high a figure might result in diminishing returns).

Given this approach, An Coimisiún may be cautious about recommending an intermediate funding increment, if it judges the PSM's proposal for augmentation funding is not good value for money. If the

[13] Strictly, the new funding can be assumed to be lower value for money than the lowest VFM existing activity *that can be ceased*. A locked-in existing spend cannot be displaced by a new spend

PSM judged their proposed increment was optimal in terms of value for money, and CnaM rejected that proposal, then lesser sums may be even less likely to represent good value.

Appraisal and report by An Coimisiún

Timing

An Coimisiún's report is due by 30 June

Statutory requirement

According to §112D of the Act, 'Scope of three-year appraisal:

(1) In a three-year appraisal, the Commission shall—

(a) assess the level of current expenditure and the level of capital expenditure by the corporation that will be necessary in each of the appraisal years—

(i) to enable the corporation to fulfil its public service objects, and

(ii) to safeguard its editorial independence,

(b) assess the level of resources other than funding under section 123 that will be available to the corporation to meet the levels of expenditure referred to in paragraph (a),

(c) assess the level of funding under section 123 for current expenditure, and the level of funding under section 123 for capital expenditure, necessary to enable the corporation to meet the levels of expenditure referred to in paragraph (a),

(d) review the proposals made by the corporation under section 112C(2)(a) and its submission under section 112C(2)(b) as to the costs, cost structure and expenditure related to those proposals,

(e) determine the performance commitments and intended outputs of the corporation for the appraisal years and the performance indicators and metrics to be applied to them, having regard to its assessment of the costs, cost structure and expenditure related to those commitments and outputs, and

(f) carry out such other assessments relating to the funding and performance of the corporation as the Minister may specify by notice in writing to the Commission.

(2) In carrying out a three-year appraisal the Commission shall take into account—

(a) the net expenditure path recommended by the European Council under Article 17(1) of Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 20246 on the effective coordination of economic policies and on multilateral budgetary surveillance and repealing Council Regulation (EC) No 1466/97,

(b) the application of the law of the European Union governing state aid,

(c) the submission of the corporation under section 112C,

(d) such other matters as the Minister may specify by notice in writing to the Commission, and

(e) any other matter that the Commission considers relevant.

Section 112E of the Act, 'Report and recommendations following three-year appraisal', includes:

(1) The report based on a three-year appraisal shall—

(a) set out the Commission's findings in the appraisal,

(b) recommend the level of funding under section 123 for current expenditure, and the level of funding under section 123 for capital expenditure, that the Commission considers necessary in each of the appraisal years—

(i) to enable the corporation to fulfil its public service objects in those years, and

(ii) to safeguard the corporation's editorial independence,

(c) state the performance commitments and intended outputs of the corporation determined by the Commission for the appraisal years, and the performance indicators and metrics to be applied to them, and

(d) address such other matters as the Minister may specify by notice in writing to the Commission.

§112B (1) (d) of the Act says that this Statement shall include a methodology for "taking account of the corporation's existing levels of funding under section 123 [public funding]".

Description

To reach and report on its funding and PC recommendations, An Coimisiún will take the following steps. Note that particularly for the assessment steps, there will be dialogue with the PSMs to understand and clarify their proposals as necessary, and – if An Coimisiún is considering additions or amendments to the PCs – to discuss such changes with the PSMs.

Assessment of BAU proposal

In assessing the BAU funding submission by a PSM, An Coimisiún will consider the following:

- Is there any evidence that current funding is insufficient to meet a PSM's objects? This might be a 'statement of non-compliance with statutory objects' from the PSM, but An Coimisiún may consider other evidence. If it is the case that current funding is insufficient, then funding based on the HICP-X formula may be insufficient to secure continued fulfilment of the objects
- Is the PSM's calculation of funding based on HICP-X valid[14]
- Is there any evidence that funding based on HICP-X would be inadequate for editorial independence? The very structure of HICP-X funding is designed to keep funding decisions separate from editorial decision-making by PSMs, but if (exceptionally) there is evidence of a danger to editorial independence, An Coimisiún will consider this.
- Are the financial forecasts credible and sustainable? Are they consistent with the strategic narrative? Do they show a concluding balance sheet position that is either overly burdened with debt, or is net cash materially beyond what is necessary for working capital?
- Are the financial forecasts consistent with state aid requirements, with no evidence of overcompensation (notably via sustained profits)

[14] An Coimisiún's ability to validate this will depend on provision by the Department of Culture, Communications and Sport of details of any ad-hoc funding granted

If any of the above areas suggest a concern with HICP-X funding[15], An Coimisiún will consider what adjustments to such income may be necessary to support business-as-usual. In such a case An Coimisiún will engage with the PSM to consider associated revisions to the offered PCs.

In assessing the BAU performance commitments, An Coimisiún will consider the following:

- Do the proposed PCs meet the guidelines set out in this document?
- Are they consistent with the strategic narrative?
- Are they sufficiently ambitious, particularly when compared to recent performance?
- Are any (additional) 'spotlight' PCs necessary?

An Coimisiún may choose to amend the BAU PCs offered by a PSM, though dialogue during the pre-submission discussion phase should reduce the likelihood of this being necessary. If An Coimisiún does add an additional PC, it will follow the PC Guidelines set out in this document.

Assessment of one-off funding request, if any

In considering a one-off funding request, An Coimisiún will first:

- Satisfy itself that the request is truly time-limited
- Assess whether it is beyond the scope of what might reasonably be funded via BAU funding
- Assess whether the requested funding is proportionate to the purpose
- Consider whether PC uplifts (if offered by the PSM) are at appropriate levels

Beyond these tests, An Coimisiún's evaluation of the merits of the request will be situational, adapted to its nature and scale.

Assessment of augmentation funding request, if any

In considering an augmentation funding request, An Coimisiún will first evaluate the PSM proposal and history:

- Is the proposed use of funds appropriate to augmentation funding (as opposed to expansion funding)
- Is the uplift in PCs consistent with the requested funding? (For instance, if there is doubling of budget for a particular offer, is a commensurate[16] increase in consumption reflected in the PCs?)
- Is the uplift material?
- Are the improvements in PCs (and the immediate use of funds) in areas that are priorities for improvement, based on An Coimisiún's assessment of audience needs? If not, has the PSM persuasively argued the case for a higher priority to be given to this funding request?
- Does the PSM have a track record of meeting proposed performance commitments offered under prior three-year assessments?[17]
- Is any spotlight PC appropriately targeted and stretching?
- Is the funding request consistent with the calculated current value?

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[15] Adjusted as necessary for any identified, material inefficiencies to be addressed. See Submission by the PSMs

[16] Commensurate does not necessarily mean proportionate

[17] In light of funding provided. See Submission by the PSMs

- Are the financial forecasts consistent with state aid requirements, with no evidence of overcompensation?

Contextual review

An Coimisiún will also assess the PSM proposals in the context of the approved net expenditure path, and any policy guidance regarding PSM funding

The most recent approved figures for Ireland's net expenditure path[18] are as follows:

	2028	2029	2030
Net expenditure growth (nominal)	7.6%	6.7%	6.4%
Inflation	2.2%	2.2%	2.3%
Implied cumulative growth			
Nominal	7.6%	14.8%	22.2%
Real	5.4%	10.1%	14.7%

An Coimisiún will assess how the trajectory of the *combined* funding requests from the PSMs compares to the net expenditure path. An increase in funding for one PSM that is above the expenditure path is not inherently unacceptable. However, if the combined funding request is above the expenditure path, An Coimisiún is likely to be considerably more cautious.

An Coimisiún may (exceptionally) receive guidance regarding funding from the Minister. A government may as a matter of policy wish to expand or reduce PSM funding, and may have written to An Coimisiún to notify it of such a policy. In such circumstances An Coimisiún would generally expect its recommendations to be aligned with that guidance.

However, this guidance is not determinative for An Coimisiún's ultimate funding recommendation. In particular, notwithstanding any policy to reduce funding, An Coimisiún will be mindful of the requirements of the Act that it assess the level of spend necessary to support fulfilment of the PSMs' objects, and to protect editorial independence. An Coimisiún will also take into account the European Media Freedom Act (EMFA).[19] Article 5 states:

> "Member States shall ensure that funding procedures for public service media providers are based on transparent and objective criteria laid down in advance. Those funding procedures shall guarantee that public service media providers have adequate, sustainable and predictable financial resources corresponding to the fulfilment of and the capacity to develop within their public service remit. Those financial resources shall be such that the editorial independence of public service media providers is safeguarded."

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[18] Council of the European Union, *Council recommendation endorsing the national medium-term fiscal-structural plan of Ireland*, 2 March 2026

[19] *Regulation (EU) 2024/1083 of The European Parliament and of the Council of 11 April 2024*

Commissioners’ judgement

Based on the above analysis, the Commissioners will determine performance commitments and make a funding recommendation.

The first matter for the Commissioners to consider is whether the PSM’s proposed PCs under BAU are appropriate, drawing on the analysis above.

If the PSM has not made an application for additional funding, then BAU funding (HICP-X with any necessary adjustments) plus these PCs as amended becomes the Commissioners’ recommendation and determination respectively.

If the PSM has made an application for augmentation funding, then BAU PCs as amended represent the baseline against which the incremental benefits of the additional funding can be measured. Commissioners will consider the uplift in PCs (between BAU and those offered by the PSM against augmented funding), and judge whether this represents good value for additional public funds.

Commissioners will also take into account:

- The flexibility of the use of funds. Is it either reversible (via the provision of an off-ramp) or redeployable (that is, the initial use is not ‘locked in’ via an endowment effect or similar)? Both situations are preferable to one where the use of funds cannot be changed
- The credibility of the proffered uplift in performance, both on its face and based on the PSM’s past record of delivery (note that past performance will be of lesser relevance in this first iteration of the three-year appraisal, in that past PCs have been developed under a very different framework)
- The extent to which improved audience commitments suggest that the PSM will be deploying the funds to address areas of greatest audience need

In light of their assessment of the value for money of the augmentation funding, the Commissioners will generally either endorse the BAU funding and PCs, or the augmented funding plus augmented PCs. The Commissioners will generally avoid an intermediate position (a partial allocation of augmented funding), for which there would be no developed PCs.

Finally, the Commissioners will form their judgement on one-off funding. As noted, the basis for such judgement is likely to be necessarily ad hoc. However, if the funding is granted and is associated with enhanced PCs, this will be reflected in the determined PCs, as will any relevant ‘spotlight PC’.

An Coimisiún report

Finally, An Coimisiún will prepare a report setting out its funding recommendations and determined PCs, and its supporting rationale. Funding recommendations may include contingent funding, for instance to support a new development once regulatory or other pre-conditions have been cleared. The report will also address any other matters that the Minister may have specified.

Appendix 1: Guidelines for Performance Commitments

The performance commitments serve a number of purposes. They can:

- Articulate the value created by the PSMs (where that can be expressed in a quantified metric)
- Allow for an assessment of the benefits of additional funding (via the resulting uplift in offered PCs)
- Act as a motivating tool for PSMs and their teams
- Allow retrospective review of a PSM's performance against expectations

Recommendations for PSM Performance Commitments are set out below.[20]

Focused on outcomes, or if necessary outputs

An outcome is a result that relates directly to audiences or other beneficiaries of a PSM's offer. Examples include a level of consumption, an audience perception of quality, or a measure of impact on language use. An output is something 'offered' by a PSM, such as hours of drama broadcast, or an upgrade to a VOD service.

Generally, a PSM's value will be best articulated through outcome metrics. These much more directly measure the benefit to audiences (and citizens) of a PSM's offer. Thus, wherever possible, PCs should be outcome metrics. In some instances, output metrics may be useful if it is not possible to articulate or measure an associated outcome (particularly in the relevant three-year period). For example, a target might be to secure distribution on a new platform, on the basis that the impact on consumption (an outcome metric) might not be immediately relevant.

A third category is input metrics. A prime example is level of spend. Unless absolutely unavoidable, input PCs are to be avoided. They are appreciably detached from the public value created; they can create perverse incentives (such as to continue spending when that has become inappropriate) and they are often not motivational (in the sense that spending money is often not difficult).

Focused on key 'macro measures' and strategic shifts

Performance commitments are not intended to track all valuable (or necessary) PSM activity. They should not include 'hygiene factors', such as compliance with regulation. Nor need they include aspects of performance that are subject to their own separate tracking and reporting, such as meeting budgets.

Rather, they should be focused primarily on 'macro measures' (those that articulate the value created by PSM and are relevant over the long term) or particular strategic shifts that may be important over the three-year period in question.

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[20] This section draws on recommendations set out in DCCS, *Evaluation of the Performance Information System in the DCCS*, 15 December 2025

Limited in number

A large number of commitments risks losing focus, and mixing higher and lower priority goals. While the PSMs have diverse objects that will necessarily require diverse metrics, as far as practical the number of PCs should be limited.

Broadly stable

Some PCs will vary over time, as particular strategic initiatives are completed (and no longer require a PC) and other initiatives are started. However, the bulk of a PSM's PCs should be consistent across three-year cycles (in formulation – 'hours of consumption', say - even if target levels change). Given that the objectives of public service media and the objects of the PSMs in particular do not change frequently, nor should most of the PCs used to track delivery.

A broadly stable set of PCs helps performance tracking over the long term, and also provides a solid base to assess appropriate levels of PCs for the three years ahead.

Stretching but achievable

Part of the purpose of the PCs is to be motivational. This only works if the level of the target is neither bound to be achieved, nor so stretching that it comes to be seen as unachievable.

Further, if improved PCs are to be used as a 'currency' to support requests for additional funding, it is important that both the baseline PCs and the enhanced PCs associated with the extra funding are each realistic. For instance, if the PCs offered against additional funding are too aggressive, then in the short term this may lead to funding being granted inappropriately, and in the long term may damage the PSM's credibility for future funding rounds, if the PCs offered have been badly missed.

Absolute, not competitive

An absolute metric might be volume of consumption. A relative metric might be viewing share, or share rank. In assessing value delivered, it is consumption that matters, not share. By extension, to determine value for money (particularly of incremental funding), it is absolute metrics that are likely to be helpful.

Act as a spotlight as necessary

On occasion there may be areas of concern (to the PSM, to An Coimisiún or both) regarding the performance of the PSM, where a PC may be an appropriate 'spotlight' to illuminate current performance and/or progress in improvement.

A 'spotlight' PC will also often be appropriate if the PSM has launched a new service as a result of ministerial consent granted under §103 of the Broadcasting Act. This will give visibility to actual performance, for comparison against the predicted performance that underpinned the service application.

SMART

In line with general best practices for objectives, PCs should be specific, measurable, achievable, relevant and time-bound. This argues against narrative targets (which can be ambiguous), but they may be appropriate in some circumstances.

No encroachment on editorial independence

In general, PSMs will be setting their own PCs, and for these issues of editorial independence do not arise. However, if An Coimisiún is specifying a PC on its own initiative, it will avoid commitments that might be seen to represent editorial direction.

Spotlight PCs

A distinct category of PC is the spotlight PC. Both one-off and augmentation funding may necessitate a spotlight PC to track the specific benefits of the additional funding. On occasion, a spotlight PC may be useful to track an area of concern.

A spotlight PC may be necessary for additional funding if that funding feeds into a wider performance commitment, where the impact of the incremental funding is hard to disentangle from other factors. For instance, the application for funding might be to increase Irish drama, which will contribute to a more general perception PC that “[PSM] has high quality programming”. However, the specific impact of Irish drama may be hard to discern. Therefore, a spotlight PC such as ‘[PSM] has high quality drama’ may be necessary to track the success of the investment.

Alternatively, the activity to be tracked may be one-off, and/or sit outside the normal, ongoing PCs. For instance, balance sheet remediation or a property redevelopment may contribute only indirectly to the ongoing PCs, but nonetheless would merit tracking via a PC.

Note that such spotlight PCs will generally be time limited. By its nature one-off funding (and the associated use) comes to an end. Augmentation funding is ongoing, but in time a PSM may wish to put that funding to other uses. In the example above, the ‘high quality drama’ PC might fall away for the next three-year cycle, but the ‘higher quality programming’ would remain, at the higher level.

Spotlight PCs should also adhere to the general guidelines for PCs set out above.

Appendix 2: Current value of future funding calculation

In order to provide an indicative current value of an augmentation funding request, the following simplified[21] formula shall be used:

$$\textit{Shadow price of public funds} \times \left(\frac{\textit{Year 3 value of funding request}}{\textit{Social discount rate} + \textit{efficiency factor}}\right)$$

The shadow price of public funds and the social discount rate are set by DPER[22], and currently stand at 130% and 4% respectively. The efficiency factor is that assumed for ‘X’ in the BAU funding HICP-X formula, and is 2% for this three-year appraisal.[23]

By way of example, the current value of an augmentation funding request that rose to €5 million in year 3 would be:

$$130\% \times \left(\frac{€5m}{4\% + 2\%}\right) = €108.3m$$

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[21] Note that this formula does not take account of any ‘ramp up’ to the year 3 funding level, but assumes funding simply starts at this level. This will slightly overstate the current cost

[22] DPER, *Central Technical Appraisal Parameters - Discount Rate, Time Horizon, Shadow Price of Public Funds and Shadow Price of Labour*, October 2018

[23] The standard formula for the value of a perpetual income (annuity) of €1m is 1/(r-g), where r is the discount rate and g is the *real* growth rate. Since this framework assumes that BAU funding grows at inflation less the efficiency factor (X), the real growth rate is -X and our formula becomes 1/(r+X)

Appendix 3: Illustrative BAU funding calculation

Assumptions

Budget for Year 0		
Public income		200
Commercial income		100
		300
Commercial income for year 0 anticipated at start of prior 3-year period		90
Implied commercial income outperformance		10
Forecast inflation		
Year 1	3%	
Year 2	3%	
Year 3	3%	
Efficiency assumption	2%	
Assumed commercial income growth		0%

BAU funding calculation

	Year 0	*Year 1*	*Year 2*	*Year 3*
Unadjusted nominal growth		1%	1%	1%
Unadjusted total income	300.0	303.0	306.0	309.1
Comm'l inc outperformance clawback		-3.3	-6.7	-10.0
Adjusted total income		299.7	299.4	299.1
Forecast comm'l income	100.0	100.0	100.0	100.0
Required public funding		199.7	199.4	199.1

Note that within this initial cycle, there will be no clawback for commercial income outperformance

Appendix 4: Submission checklist

In summary, the requirements for a PSM's submission are as follows. All are due no later than 3 months after the adoption of the *Statement of procedure and methodology.* For more detailed descriptions of requirements, see Appendix 1 regarding performance commitments, and Submission by the PSMs for other items.

Regarding BAU

- Financial statements for the prior two years and budget financials for the current year (in format consistent with the PSM's annual report)
- A schedule setting out their application of the HICP-X calculation to their ongoing BAU funding[24]
- Forecast financial statements for the current three-year period (2028-2030) against BAU funding
- Proposed performance commitments for the current three-year period
- A strategic narrative
- A discussion of efficiency
- (If relevant) Notification of any planned applications for expansion funding and/or applications under sections 103 and 104 of the Broadcasting Act
- (Exceptionally) A 'statement of non-compliance with statutory objects'

If applying for one-off funding

- The level and nature of public funds sought
- A financial 'overlay' showing how the funds would incrementally impact the financial forecasts
- A narrative describing the purpose and use of funds, and how it is 'one-off'
- An articulation of the benefits of the funding, expressed as a performance commitment if practical

If applying for augmentation funding

- The level and nature of public funds sought
- A calculation of the current value of this request
- A financial 'overlay' showing how the funds would incrementally impact the financial forecasts
- Associated improved performance commitments (including a spotlight PC if appropriate)
- A narrative setting out the basis for the improved PCs; the use of funds over the three years and whether the funds will be redeployable for other purposes
- A note summarising why it was not appropriate to fund the activity via redeployment of funds
- A note setting out internal approval processes that have endorsed the proposal

[24] For an illustrative BAU funding calculation, see Appendix 3