

WRITTEN EVIDENCE PAPER TO THE CULTURE, COMMUNICATIONS, WELSH LANGUAGE, SPORT AND INTERNATIONAL RELATIONS COMMITTEE FROM THE DEPUTY MINISTER FOR ARTS, SPORT AND TOURISM

This paper provides evidence in advance of my appearance before the Committee on 25 May 2023, originally scheduled for 2 February 2023.

Introduction

The creative industries sector is an important part of the Welsh economy, creating jobs and wealth and contributing to a strong national brand that helps to promote Wales and its culture and talent to the world. Through Creative Wales, the Welsh Government targets its investments in the creative industries across a number of key sectors including screen, music, gaming, digital and publishing. To realise our ambitions for inclusive and sustainable growth, Creative Wales targets activity across a number of themes, including skills and talent development, diversity and inclusion, culture and well-being, maximising opportunities to promote the Welsh language and supporting a sustainable creative industries sector in Wales.

To help us measure changes in the sectors we have prioritised, work has been completed to refine the sector statistics captured on an annual basis. This condenses the broad definition of the creative industries adopted by the Department of Digital, Culture, Media and Sport down to a smaller number of Standard Industrial Classification (SIC) codes most relevant to the sub-sectors Creative Wales actively engages with. According to 2021 data on the creative industries sectors aligned to those SIC codes:

- 3,423 businesses make up the creative industries sectors in Wales, an increase of 6.4% from 2018;
- 34,900 people were employed in these sectors, with the industry generating an annual turnover of £1.7billion in 2021, an increase of 14% from 2017.

Further information on the number of businesses, employment and turnover in the creative industries and its sub-sectors in Wales, including a year on year analysis of changes from 2016-2021 has been published on the Welsh Government website - [Ad-hoc statistical requests: 25 April to 6 May 2022 | GOV.WALES](#).

Creative Wales has introduced an annual industry survey - [Creative Wales Industry Survey: 2022 | GOV.WALES](#). The survey covers a sample of businesses and freelancers from the screen, music, digital and publishing sectors in Wales. Main findings from the 2022 survey reported mixed experiences with regards to business performance and turnover in the last financial year, with the impact of COVID-19 attributed to this, however businesses are more confident than not about the next financial year. Over a quarter of businesses have had difficulty recruiting in the last year due to skills gaps in the workforce and amongst applicants. Improving profitability, improving marketing opportunities, and growing the workforce are the top three key priorities amongst the sectors with the survey reporting that the industry would benefit from further financial support, increased opportunities for networking, and improved availability of business support and advice.

Creative Wales priority sectors

Screen sector

The screen sector in Wales is thriving. Creative Wales' focus is on maintaining growth in the screen industry and positioning Wales as a top location for film and television production. Major productions have been attracted to Wales in recent years, including Netflix's *Havoc* and Lucasfilm's production of *Willow*. These global players, alongside our indigenous production companies, are helping to grow our economy, develop our skills base and raise the profile of Wales across the world. Since launch, Creative Wales has awarded £16.3m production funding to 31 projects, generating more than £187.1m in spend in the Welsh economy.

To meet demand for studio space from productions looking to film in Wales, Creative Wales is investing in studio infrastructure, including the new Aria Studios in Anglesey. Creative Wales is also supporting the pipeline of productions by investing in new ideas and IP through its development funding mechanism.

However, the screen sector is not without its challenges. Unprecedented levels of production in Wales and across the UK has led to a shortage of skilled crew across all departments. This is exacerbated by the sector often not being seen as a viable career choice for young people or their parents. There are also challenges in retaining existing crew, due to examples of long hours and bullying and harassment on some productions which are affecting wellbeing and mental health.

The safeguarding of the screen workforce and support for workers' mental health is critical to its future success. Creative Wales has worked with CULT Cymru and 6ft From the Spotlight CIC, on a pilot scheme to introduce well-being facilitators (WBF) into the screen production workforce in Wales. The aim of the WBF is to support and inform producers and heads of department to help prevent stress, mental health issues, bullying, harassment and discrimination on productions. It is intended this support will enable those responsible for the production workforce to meet their legal duty of care to workers and offer support to all crew and cast to manage challenges related to stress, mental health, bullying, harassment and discrimination. The project will also have a positive impact on the freelance workforce, a community often missed by more traditional workplace health programmes that target employer / employee modes of employment. Creative Wales is providing a subsidy to incentivise production companies to employ a WBF. The pilot has now come to an end and Creative Wales is considering a second year of support. The aim is for the role to become mainstream in the longer term and, if successful, the model could be considered for wider sub-sectors.

Music sector

The music industry was one of the creative sectors hardest hit by the global COVID-19 pandemic. There are also ongoing challenges related to the cost of living crisis and a lack of co-ordinated training provision, clear career pathways and insufficient management skills. Creative Wales is working closely with the sector to grow the commercial music industry in Wales, support new opportunities and help to ensure its long term sustainability.

Music businesses are a key platform for developing, nurturing and growing music talent. Both capital and revenue funding has been awarded to music businesses in Wales through Creative Wales to improve and increase business commercial outlook and sustainability and contribute to the development and growth of the music industry in Wales. £149,000 has been provided in revenue funding to support music labels and music management businesses to identify release campaigns which would benefit from additional funding due to existing and current financial constraints and to develop stronger campaigns around planned releases to improve the commercial outlook and sustainability. £524,203 of capital funding has been used to support venues, recording studios and record labels to make improvements to buildings, audience or user experience, improve service level experience and for innovative delivery improvements.

In addition, Creative Wales has supported a number of projects to promote the growth of the commercial music sector in Wales. This includes support for young people under the Beacons Cymru initiative; PRS Foundation's Momentum Fund, which provides opportunities for individual Welsh artists at the developmental stage of their careers and international exposure for artists via Focus Wales' mentoring, attendance and representation at various international music events. A number of recipients of the recent Creative Skills Fund are delivering projects specific to skills needs within the music sector in Wales, including development of music managers and music venue managers.

Action to support the music sector has been influenced by research funded by Creative Wales and undertaken by Professor Carr into the pre and post pandemic economic value of music. Creative Wales has recently appointed John Rostron to its Non-Executive Board to increase the level of knowledge and expertise related to music and represent the music industry on the Board.

Digital sector

Reports such as the University of South Wales and Creative Wales *Screen Survey Wales 2021* and *Clwstwr Games Survey Wales 2021*, funded by Creative Wales, are helping to identify both the opportunities and challenges in the sector in Wales. From a skills perspective, evidence suggests an issue with talent retention in the sector, where the right skills are in place, but not enough companies recruiting in Wales to retain talent. There is also competition in the market, and remote ways of working resulting in skilled people in Wales working remotely for companies based elsewhere. In addition, there is a lack of business and leadership skills, where talented creatives lack knowledge of how to grow their businesses. A further survey was undertaken in late 2022 by the University of South Wales. This will provide further detail on the skills, training needs, attitudes and experience of those working across the screen sector. The publication will be released in May 2023.

Creative Wales is taking forward a range of actions to support activity in the digital sector, across games, animation and Createch. The Creative Wales production funding offer was revised in 2022 to include support for the games industry. This expanded offer will help Wales compete internationally for a larger share of this high growth sector, offering financial support for companies choosing to produce games in Wales or for indigenous businesses to develop new IP. This new funding stream was launched at GDC in March as part of our annual mission to the San Francisco

event at the heart of the industry. In terms of supporting the creation of new games IP and studios, we will again fund Games Talent Wales – a programme delivered through Glyndwr and USW alongside the UK Games Fund Transfuser programme. This provides stipend funding for studios emerging out of University course attendees, enabling them to develop a new title for exhibition at EGX in the September of each year. We are considering options to expand this programme in 2024/5, potentially including colleges and other Universities.

The games industry also faces challenges with securing finance for growth, as well as marketing and scale up. Accordingly, we are currently delivering a pilot games incubator programme for six high potential companies, aimed at improving commerciality. Results will inform the potential development of a tender for further provision during this financial year.

During 2023 we will also release our wider action plan to support the animation sector, which has a long and rich track record in Wales but has recently become somewhat constrained by an overdependence on service work rather than the creation and exploitation of new, owned IP. These plans will include proposals for an animation accelerator and further development funding opportunities, alongside support for trade show engagements at Annecy and Cartoon Forum as part of the Animation Associates UK wide presence.

In March 2023, the Welsh Government supported eight projects with a combined grant of £352,545 from Creative Wales' Young Content Fund. The scheme is providing production companies with development funding for new bilingual content (animation or live action) for children and young people. The scheme directly addresses the withdrawal of UK Government support for this segment via the now closed YAC fund.

Publishing sector

We continue our support for the publishing sector in Wales, through our support for the Books Council of Wales (BCW). The BCW is working with the sector to address a number of challenges in the sector, which is categorised by a larger number of smaller enterprises and limited full-time career opportunities for those operating in the publishing industry. The grant provided by the Welsh Government through Creative Wales is intended to support the BCW to address market failures in the publishing industry in Wales and to support the BCW to address these challenges, alongside the longer term impacts of the COVID-19 pandemic on the publishing industry and independent bookshops.

A specific focus is on supporting content that reflects people of all ages and backgrounds and fair representation in the sector, to ensure readers can engage with content in a meaningful way and books connect with readers from different communities. Additional funding was provided to the BCW in 2021/22 to deliver a New Audiences Fund. The Fund prioritised new publishing ventures, authors and audiences to help to strengthen and diversify the parts of the publishing sector supported by the BCW. Thirteen projects were supported through the initial round, with projects ranging from setting up new publishing houses owned and run by editors and authors from Black, Asian and Minority Ethnic backgrounds, to digital platforms for reaching new audiences.

In 2022/23, additional funding has been awarded to the Books Council of Wales to support the sector through the ongoing challenges of the cost of living and energy crisis. Additional funding has also been awarded to support a presence for publishers at the London Book Fair and to deliver a second round of the New Audiences Fund.

Skills and talent development

Developing skills and talent remains a top priority for Creative Wales. Creative Wales' skills activities are focussed on addressing the main challenges in the provision of training in the three priority sectors including examples of silo working and unnecessary duplication of provision, shortages in the skilled workforce including in management/leadership skills, retention of workforce, and a lack of viable pathways, where the sector is not seen as a suitable career choice for young people and/or their parents.

In January 2020, the Creative Wales Film and TV Skills Stakeholder Group was established to bring stakeholders including broadcasters, FE, HE, training providers, Regional Skills Partnerships, Welsh Government skills and education departments and industry together to work in partnership, raise awareness of respective actions and identify opportunities for joint working. The Group now has 63 members and has been invaluable in addressing silo working and duplication of provision.

To help to address skills gaps, Creative Wales has supported more than 18 projects to date, including Cult Cymru's *Return to Work 4 Creative Workers*, a freelancer support scheme launched during Covid, *Stepping Up*, an upskilling programme for freelancers working in film and TV, *NFTS Cymru*, establishing a hub for the world's leading film school in Wales, *Culture Connect Wales*, a joint project with public service broadcasters working with communities to improve diversity and promote training and job opportunities in the screen sector to underrepresented communities, *Beacons*, supporting skills and talent development in the music sector, and *Buzz Culture*, a pan Wales community engagement programme which aims to discover new writing talent from across Wales.

Creative Wales has also supported paid trainee placements on all Welsh Government funded productions, with more than 267 placements (including apprenticeship placements) supported since January 2020. Creative Wales was instrumental in establishing a new Shared Apprenticeship Scheme, *Crïw*, in both north and south Wales and worked with the Welsh Government's skills department to establish the Creative Flexible Skills Programme, providing a 50% subsidy for staff upskilling training.

In September 2022, Creative Wales launched its Creative Skills Action Plan and Creative Skills Fund. The Plan has been designed based on the findings of Clwstwr's Games Survey Wales 2021 and Screenworks 2020 *Future Skills and Innovation for the Screen Sector in the Cardiff Capital Region* Reports, University of South Wales and Creative Wales *Screen Survey Wales 2021*, BFI Skills Review 2022 and the RSP Skills and Employment Plans 2019-2022 and has been developed in partnership with the industry led Creative Skills Advisory Panel. The Plan sets out

ten priority areas of focus which are being used to target the investment available through the £1m Creative Skills Fund.

Following the call for applications to the Fund, 17 projects have been awarded grants. These cover projects across the screen, music and digital and gaming sectors across Wales and range from entry level skills to management training. These include projects which specifically aim to improve diversity and inclusion, as well as cross sector projects which focus on transferable skills between all creative sectors and the upskilling and wellbeing of the freelancer workforce.

Research and Development

Investment in company led R&D and sector level innovation is key for creative businesses in Wales to compete. Funding has been awarded to the media.cymru programme, a collaboration to accelerate growth in Cardiff Capital Region's (CCR) media sector. Media Cymru will drive inclusive and sustainable economic development by addressing future skills needs in R&D, increasing job opportunities through innovation and creating stronger companies. Media Cymru will also provide a pan-Wales R&D fund accessible to businesses across the screen industries, this will ensure dedicated innovation funding is available across the country, and also achieving a manifesto commitment.

Development funding has also been provided to support new games, animation concepts, immersive, VR / MR (Createch) concepts and content development and delivery platforms / services in the creative industries to enable businesses to further market these projects to gain commercial investment.

Creative Industries Policy and Evidence Centre (PEC) review of working practices in the creative industries

In 2022, Creative Wales, in partnership with the Welsh Government Fair Work Team, has been working with the creative industries Policy and Evidence Centre (PEC) to support a Wales focus to its review of working practices in the creative industries. As a member of the advisory group for this work, Creative Wales has helped to shape the definition of good work being used to inform the baseline capture of data, so that it fits the definition and characteristics of fair work set out in Fair Work Wales. We have worked with PEC to ensure Welsh stakeholders are part of its evidence gathering activity and jointly arranged a roundtable event in Wales where stakeholders from government, industry, unions and academia came together to discuss issues of specific relevance in Wales.

Initial findings highlighted that, while there are a number of positive aspects to work in the creative industries in Wales, including a high level of job satisfaction and passion for work, autonomy and flexibility, there are a number of challenges that need to be addressed. These include lower rates of pay and benefits, insecure work, long hours, lack of employee representation, insufficient management capability and insufficient opportunities for learning and development. The extent of these challenges varies across sub-sectors and business and employment models.

The PEC report was published in February 2023. Creative Wales is using the findings set out in the report to work with the Fair Work Team in the Welsh Government to develop a road map for Wales to help to improve working practices in the creative industries in Wales.

Co-operation Agreement

Creative Wales is leading on the delivery of the broadcasting and media commitments set out in the Welsh Government's Co-operation Agreement with Plaid Cymru. Creative Wales acts as the secretariat for both the Wales Public Interest Journalism Working Group and the Expert Panel to Explore the Establishment of a Shadow Broadcasting and Communications Authority for Wales.

In 2022, the Wales Public Interest Journalism Working Group discussed a range of issues, including the need for skills development and viable career pathways, particularly for those from diverse backgrounds and lower socio-economic groups, the need for investment and support to help sustain the sector and address specific market failures and improved communication of opportunities. The Working Group has provided advice on the use of the Creative Wales 2021/22 and Co-operation Agreement 2022/23 journalism budgets. It also advised on the delivery of the pilot Hyper-local Journalism Fund and its discussions have instigated closer working relationships on public sector communications to help ensure hyper-local involvement in the distribution of local authority and public notices. The Working Group will be formally submitting its recommendations to support the ongoing sustainability of the industry to the Welsh Government later in May.

The Expert Panel on Broadcasting has gathered evidence and conducted research to inform its work. This has included evidence sessions with broadcasting stakeholders at its meetings in October and November 2022 and with wider stakeholders in early 2023. Alongside a review of publicly available information, research projects have been conducted to evaluate models in other countries and to study future trends in the broadcasting sector. Information from evidence received and research findings have been used to support the development of the Panel's final report and recommendations, which will be formally submitted to the Deputy Minister and Designated Member later in May.

Marketing and Communications

Creative Wales is one of the key pillars of the Cymru Wales brand. The Creative Wales Marketing and Communications team's remit is to position Wales as the place for creative businesses to thrive within Wales and internationally. The creative industries, specifically television and film, have been highlighted as a priority in the International Strategy. Creative Wales is working across government and with partners to promote Wales in the world and encourage businesses both inside and outside Wales to locate and operate here.

Using channels which include social, email, PR, events and partnerships, the team works closely with stakeholders to raise awareness of joint activity and capitalise on opportunities to showcase the benefits of investments such as the recent featurettes produced in partnership with Lucasfilm. This includes working to support the Wales

Screen Summit in May 2023 and delivering a Creative Wales showcase in June this year. Creative Wales works with other Welsh Government departments such as Visit Wales, the International Department and Trade and Invest to maximise opportunities to raise the profile of Wales internationally by taking part in campaigns including Wales at the World Cup Qatar, Wales in Canada and the upcoming Wales Year of Trails. Creative Wales has increased global presence by facilitating showcases at major international music industry events XSW in Austin, Texas, USA and The Great Escape in Brighton, England.