

Cynulliad Cenedlaethol Cymru / National Assembly for Wales
Pwyllgor Diwylliant, y Gymraeg a Chyfathrebu / The Culture, Welsh Language and Communications Committee
Cynyrchiadau Ffilm a Theledu Mawr yng Nghymru / Film and Major TV Production in Wales
CWLC(5) FILMTV14
Ymateb gan Ffilm Cymru Wales / Evidence from Ffilm Cymru Wales

COMMITTEE'S TERMS OF REFERENCE:

1. To achieve clarity on the Welsh Government's policy aims for funding film and major television production in Wales, and transparency as to why and how decisions are made in this area;
2. The support given by the Welsh Government to develop the film and television industries in Wales including:
 - Economic impact, and how this is spread across Wales;
 - Cultural impact, including the Welsh language;
 - Value for money.
3. How support for the sector may be affected by the Welsh Government's new Economic Action Plan;
4. To investigate how Ffilm Cymru Wales, the BFI and others support the sector, and how this work complements the work of the Welsh Government in this area;
5. The support given to develop skills and address skills shortages in the industry, whether there is sufficient data to map existing skills.

1.0 Introduction:

1.1 Ffilm Cymru Wales' welcomes the opportunity to feed into the Culture, Welsh Language and Communications' committee's consultation into the support for film and television production in Wales. Our response focuses on the Committee's terms of reference 4 and 5, which most closely relate to our organisation.

2.0 Operational context for Ffilm Cymru Wales:

2.1 Ffilm Cymru Wales (formerly the Film Agency for Wales) was established in 2006 as the external delegate of the Arts Council of Wales (ACW) and the UK Film Council (whose functions are now taken up by BFI) to develop and manage strategic film support on their behalf in Wales – spanning both a sectoral development role and a cultural remit. Our corporate mission is to *advance a sustainable film sector and film culture that works for everyone across Wales.*

2.2 Set up as an independent social enterprise – a Community Interest Company limited by Guarantee – Ffilm Cymru offers the necessary arms-length positioning required for lottery delegation. In addition to reporting to ACW and the BFI, Ffilm Cymru is audited annually and subject to the CIC regulator in respect of its Public Good objectives, where any surplus is reinvested into these objectives.

2.3 Comprised of an industry savvy Board and Executive whose experience spans commercial film finance (risk managing upwards of £250m of investment for banks, insurance entities and private funds), international sales, production (with an Oscar nominee on staff), entertainment law, broadcasting and international policy. The Board take their governance role seriously and ensure consistency and transparency of decision-making with the company's Strategic Plan, Guidelines and funding decisions published on-line.

2.4 Ffilm Cymru's annual turnover is c.£2m, £1.6m of which is delegated lottery funds from the Arts Council of Wales (£1.4m) and BFI (£200k). Allowing for reinvestment of recycled and recouped funds, this provides

up to £1.3m of available lottery finance to invest across production and development per annum, with funds additionally directed towards supporting film exhibition (e.g. cinemas, film festivals, pop-up community providers) and film education. Third-party finance is also raised to address gaps in provision, such as the successful BIG Lottery bid to provide mobile community cinema in the Afan valley and the new entrant training programme, Foot in the Door, delivered in partnership with Housing Associations for those living in economically deprived areas.

3.0 How Ffilm Cymru Wales' support complements Welsh Government's offer:

- 3.1** The creative industries and film in particular benefits from a mixed economy that can attract inward investment and large-scale productions that generate jobs and sustain infrastructure (facilities and service companies), whilst advancing home-grown talent and companies that generate and exploit IP.
- 3.2** Arguably, Welsh Government's commercially geared Media Investment Budget – which provides funding for television and films that evidence market appeal and significant spend in Wales – is more naturally geared at large-scale and long-running productions and inward investments, whilst Ffilm Cymru Wales' lottery-based sector offer is geared at building Wales' film sector from its talent and local company foundations up.
- 3.3** The two approaches are both necessary and complement each other. For example, the presence of sustained large-scale production provides a basis for cast and crew to remain local, which stabilises costs provided there is sufficient capacity to service demand. Whilst an indigenous talent base provides stability including when external factors negatively impact on inward investment – such as an unfavourable currency exchange rates, perceived challenges to filming in the UK (potentially post-Brexit, depending on freedom of movement/visa provisions), or competing international offers (e.g. the 40% Australian tax rebate, or Northern Ireland's Titanic Studios, significant fiscal incentives and market awareness post-Game of Thrones).
- 3.4** Most importantly, support for home-grown talent and companies who are generating IP, means that wherever they shoot the various forms of value

they generate benefit Wales – whether that’s revenue flowing back to local professionals and companies, or increased market presence. In our experience, there is also a loyalty amongst indigenous companies whereby they want to ‘give back’ – by providing training opportunities for new entrants, for example, employing local crew and services, and thinking longer-term.



3.6 The diagram illustrates tendencies and relative emphasis between funds and shows how our work meets in the middle where there are investment propositions that are attractive both in terms of Welsh spend and commercial appeal (to meet Welsh Government’s Media Investment Budget needs) and generated by Welsh talent, offering strategic benefits, to align with Ffilm Cymru’s priorities. We have recently closed our second-feature co-financed with Welsh Government’s Media Investment Budget – Craig Robert’s *Eternal Beauty* – following on from Red and Black’s *Don’t Knock Twice* and we expect to proceed to a third feature in the first quarter of 2018–19.

3.5 It has taken time for the sector to mature to the point that there are several Welsh companies with commercially compelling slates. Ffilm Cymru has worked with 9 of these companies with multiple points of investment and sector development (such as providing training, advice or introductions) over the last 11 years. In addition, we have invested in a pipeline of 50+ projects in development and are tracking some £30m of production for 2018–19, 19/20.

3.6 It is worth noting that from time-to-time Welsh Government's nonrepayable finance has been accessed to support film productions on the basis of there being significant Welsh spend. This is more flexible funding than the commercially geared Media Investment Budget and has been used to cofinance films with Ffilm Cymru Wales, such as Marc Evans' musical, *Hunky Dory*; Mad as Birds debut feature, *Set Fire to the Stars* and Severn Screen's *Denmark*. However, it is not a sector specific offer, which has meant that availability and application has been somewhat ad hoc, and marketing materials are understandably not geared to the sector. This less onerous financial capacity is invaluable, particularly as demand grows, but would benefit from tailoring, which would need to align with European legislation (e.g. the Cinema Communication).

4.0 Value generated:

4.1 Ffilm Cymru Wales generates significant economic, cultural and educational value for its relatively small annual turnover of c.£2m and works in partnership in all areas. Results include:

- **64 feature films** progressed to production from a production investment of £7.38m. 62 of these features have had Welsh writers, directors and/or producers at the helm. The two exceptions are *Submarine*, originating from a Welsh book and both fully set and shot in Wales – which launched the film career of Craig Roberts (now also a writer-director whose first two features we have funded), and the Sundance awardwinning documentary, *Dark Horse*, which focused on Blackwood's community and has since been developed into a fiction film with a Welsh director at its helm, whose debut feature we funded.

- **£56.2m in partnership finance**, including over £12m in pre-sales to all-rights and broadcast distributors and over £20m in additional equity including £12m in commercial finance such as Welsh Government's Market Economic s Investor funds (via Pinewood or the previous IP Fund) and tax incentivized private investment (mainly via EIS).
- **13 international co-productions**, leveraging £4.9m in co-finance. Co-producing territories include France, Switzerland, Sweden, Luxembourg, Argentina and Ireland – our most frequent partner (6 films).
- **Significant international presence**, with films from Welsh talent selling to upwards of 30 territories (where territories frequently aggregate countries – e.g. North America, Middle East, French-speaking rights) – with *The Machine*, *Ethel & Ernest*, *Submarine*, *I Am Not A Witch*, *Just Jim*, *Dark Horse*, *Mugabe and the White African*, *The Canal* and *Don't Knock Twice* all exceeding 10 territories each.
- **Significant festival and award recognition** including Cannes, London, IDFA, Sheffield Docs, Edinburgh, Tribeca, Telluride, Toronto and Sundance, BAFTA, BAFTA Cymru, Grierson and the European Film Awards.
- **£21.5m direct Welsh spend** generated from our £7.38m investment, returning close to £3 for every pound spent, whilst continuing to offer flexibility in where productions are shot and co-financed.
- **c.200 paid trainee placements** on funded productions.
- **9 films (14% of films) shot in Welsh or bilingual** and co-financed or acquired by S4C, with a further ambitious opera-based film co-financed that did not come through to fruition.

- **A pipeline of 50+ features developed by Welsh talent**, in addition to providing a ladder of progression for emerging talent via delegated BFI Network funding, which provides seed project and career progression support, networking events and targeted support to redress under-representation as with our funding for the New Black Filmmakers Collective, mentored Female Filmmakers Lab and year-long training lab, Y Labordy, for directors working in the Welsh language.
- **Company growth finance totalling £460,000 offered to 9 Welsh companies** where film is a component of their overall offer and they are positioned to expand their productivity and market. This finance specifically supports objectives beyond individual projects, such as opening a North Wales office; taking on staff that expands in-house skills and capacity; researching new markets. These companies are also able to participate in a tailored programme to refine their value proposition and prepare for private investment, where applicable.
- **An approach that advances the broader realisation of IP and market-reach.** We call this approach 'Magnifier - making the most of good ideas', and we have seen 16 projects realise their wider IP as a result, including the development of VR Games, apps, education assets, soundtracks, book publications and television/theatre spinoffs. For example, Red and Black's VR game accompanying the feature *Don't Knock Twice* is returning an profit and influencing the company's business model, whilst education assets (developed alongside *The Machine & Ethel & Ernest*) showcase aspirational role models to the next generation of filmmakers.
- **A broad range of content** for audiences including animation, documentary and fiction films across a variety of genre. Ffilm Cymru's slate includes Wales on screen with *Dark Horse*

(Blackwood), *Gospel of Us* (Port Talbot), *Sleep Furiously* (Trefeurig), *Patagonia* (Cardiff/and Patagonia), *Yr Ymadawiad* (Trywelyn), but equally films from Welsh talent that are not culturally identifiable as Welsh (such as the sci-fi, *The Machine* and Raymond Brigg's animated feature, *Ethel & Ernest*, co-produced by Cardiff-base Cloth Cat, which was a finalist in the European Film Awards for Best Animated Feature), and films from Welsh talent that took them elsewhere around the world, such as Rungano Nyoni's BAFTA winning *I Am Not A Witch*, which was selected for Cannes, London, Toronto and Sundance or Kieran Evans' BAFTA winning debut, *Kelly + Victor*, an adaptation of Niall Griffiths' Liverpool-set book.

- The above largely focuses on Ffilm Cymru's sector development work in the context of the inquiry, but we also offer a combination of delegated BFI grant-in-aid and ACW lottery funding to **improve cultural access and opportunity across Wales**. This includes funding for cinemas, festivals, mixed-arts venues, community pop-up providers and others offering film in a social setting, which encourages innovation and inclusivity. On average we co-fund around 25 exhibitors across Wales each year including for example Galerie Caernarfon, Chapter Arts Centre, Iris LGBT festival and PICS young people's film festival. Collectively these awardees provide around 5700 film screenings with over 200,000 admissions per annum.
- Our support for **film education projects** across Wales, prioritises areas and communities that are under-served and is delivered via more than 30 film education practitioners that work in parallel to, though often in collaboration with, the formal education sector.

4.2 It's worth noting that when we started in 2006 there were

- No Welsh companies consistently making Welsh films
- Only the occasional, if notable, example of Welsh talent on the international stage,
- Only one small company supported to provide education

- A lack of strategic skills development
- Limited audience focus, with only one exhibitor funded
- Disconnected demand and supply chain
- Little consideration of wider exploitation of intellectual property.

The sector has come a long way.

5.0 Training

- 5.1 In order to support growth, there is of course a need to continue to develop new entrants across all roles in order to ensure there is sufficient capacity to meet demand and ensure that prices do not become unsustainably inflated. Additionally, there is a need to offer Continued Professional Development training to ensure that the sector continues to adapt to the market, new technology and evolving business practice. That training needs to meet the needs of both the largely freelance sector base and companies.
- 5.2 Creative Skillset is the UK sector skills council for the creative industries, which previously had Advisory Panels in each of the devolved nations, until they were mothballed following cuts to funding. Those panels provided a helicopter view of the creative industries – including representatives across FE, HE, the unions, indie reps and sub-sector specific representatives including broadcasters and Ffilm Cymru Wales. Whilst these panels were likely too broad – aligning with the then 13 sub-sectors, including fashion/textiles, advertising and publishing – Creative Skillset has since refined its focus to the screen industries – including film, television, games and animation.
- 5.3 There is a strong argument for reinstating a more focused screen sector training panel that can offer insights into workforce training needs and opportunities and to guide future policy and financial decisions relating to training in the future. We would recommend that that panel is independent of Welsh Government's Media Investment or Creative Industries panel – providing representatives with specific prior experience in addressing training needs across animation, games, film and television across Wales and at various points from entry level and freelance

provision to established companies. It would be desirable to facilitate a range of training providers in developing a broader market offer, including specialists that can work alongside large-scale government framework affiliated companies.

5.4 Ffilm Cymru Wales has always offered trainee placements on its funded productions (c. 200 paid placements to-date), in addition to designing and delivering bespoke programmes where there has been a gap in available training provision. In particular, we designed:

- Magnifier to address the relatively siloed approach to exploitation of IP, encouraging the broader exploitation of IP across formats and platforms through the provision of training, integrating networks and flexible finance.
- Film Junction and Cinematic, which offered market and distribution-based training to 50 professionals, and
- The new entrant training programme, *Foot in the Door*, which has trained 30 individuals from deprived areas during its pilot phase, with a focus on transferable skills (e.g. carpentry, electrics, hair/make-up, costume, administration, design, accounts) where we work in partnership with Housing Associations to support people to move between opportunities in their local area.

5.5 In each of these cases we have worked closely with Creative Skillset. They have co-financed bespoke programmes that we've designed and managed; whilst films we finance routinely contribute to the Skills Investment Fund, offer placements and we influence policy through regular exchange including joined up to Creative Skillset's recent successful bid to oversee the BFI's £19.5m skills fund, in partnership with our counterparts in Creative Scotland and Northern Ireland Screen Commission. These discussions are active and on-going as Creative Skillset move into implementation mode.

5.6 Areas of current priority for the skills agenda include:

- improved workforce data collection, which Creative Skillset is tasked with attaining and is conscious of the need to update and refine to show nation and region level stats;

- more inclusive recruitment and retention practices. Ffilm Cymru's Foot in the Door programme is noted as unique in the UK in its scaleable partnership model for addressing;
- a focus on fusion skills and agile learning – relevant across sub-sectors. In this, as part of ACW's national arts company portfolio – along with Wales Millennium Centre, National Theatre Wales, BBC National Orchestra, Welsh National Opera, etc., Ffilm Cymru Wales is participating in a mapping exercise to chart opportunities for trainees to move across companies working in different art-forms, as well as between film, tv, games and animation companies;
- the development of apprenticeship opportunities for the creative industries. This is a particularly challenging area given the short-term and freelance nature of the majority of work opportunities in this sector – hence that national arts company mapping exercise, and broader consideration of shared apprenticeships. As education and skills are devolved areas – this is naturally an area where Creative Skillset is seeking routes to advance these discussions at nation level for film, tv, games and animation, and it is an impediment not to have the Advisory panel mechanism;
- adapting with increasing convergence. This sees film financing skills as highly relevant and transferable to high-end television. There are opportunities for greater movement of skills and personnel between sub-sectors.
- developing improved careers advice – including improved information for job centres and schools on opportunities and career pathways within the sector.

6.0 Collaboration

As should be apparent, a joined-up approach and collaboration is essential to maximise the opportunities and value that can be derived from the creative sector. Projects are devised, delivered and co-financed by a variety of partners and industry practitioners benefit from actively participating in a multi-disciplinary network of professionals.

Ffilm Cymru's collaborators are too numerous to name in full, but include: the network of 45 European film funds, Cineregio – where we are represented at Board level; UK film education charity, Into Film; Creative Skillset; the BFI's Film Audience Network, of which Chapter is Wales' lead organisation; our colleagues at Creative Scotland, Northern Ireland Screen, Creative England, Film London; BAFTA Cymru, Cult Cymru, S4C, BBC Wales, BBC Films, Film 4/Channel 4, colleagues across the Creative Industries Council and Creative Industries Federation, the national arts companies of Wales, WJEC, Film Education Network members, British Council and numerous individual sales, distribution and financing companies – public and private.

7.0 Final thoughts – opportunities to improve

7.1 In terms of presenting Wales to the World – we might want to consider whether a 'Creative Wales' proposition needs to be a structural new entity, or whether instead it might be a virtual 'brand wrapper' that markets the whole of what Wales has to offer. For example, when attending international markets in Cannes, Berlin, Toronto, the US or elsewhere – potential international collaborators are simply interested in what Wales has to offer, without any confusion around various entry points/providers. There is a compelling story to tell in the round of Wales as a creative bilingual nation, rich in culture and talent, infrastructure and World-class facilities, crew and services. There's flexible finance and support for each of those areas. But this holistic offer could be more effectively and consistently communicated.

7.4 As indigenous companies mature there is a bottle-neck in demand with limited lottery funds (c.£1.3m per annum) being insufficient to address need, whilst projects are likely to need more flexible terms than the commercial Media Investment Budget offering (£30m). Consideration might usefully be given as to the stranding and repurposing of a portion of the MIB to address this.

7.2 How might we best address the challenges of a growing sector including a pressing need for increased crew capacity across the piece, improving sector diversity in the process? We'd advocate for an independent, experienced and screen targeted training advisory group to inform policy and future (financial) interventions in this area.

7.3 As the sector matures demand is growing for improved business support and high-level company training. More investment in this area is advisable, with consideration given to sector-specific tailoring.