

CULTURE, WELSH LANGUAGE AND COMMUNICATIONS COMMITTEE WRITTEN EVIDENCE – INQUIRY INTO FILM AND MAJOR TELEVISION PRODUCTION IN WALES

The purpose of this paper is to provide written evidence to the Culture, Welsh Language and Communications Committee on their inquiry into film and major television production in Wales. This paper gives an overview of what has been done to date to establish Wales as a centre of excellence for production.

1. Welsh Government's policy aims for funding film and major television production in Wales; why and how decisions are made in this area

Historic approach

In 2010 the creative industries was recognised as a priority sector for Welsh Government. Strategy and delivery of support for the sector focused on the provision of funding through grants, loans and commercial investments, with strategic priorities being:

- delivery of the Pinewood collaboration agreement, including the Media Investment Budget;
- bringing high value film and TV to Wales through Welsh Government financial incentives;
- funding high value digital media projects.

This was accompanied by logistical support for productions through the Wales Screen service, and a push to develop a range of studio facilities along the M4 corridor between Chepstow and Swansea.

In 2012 officials in the Creative Industries Sector team undertook an exercise to prioritise support across the various subsectors of the creative industries; as a result, the Sector Panel advised that government should focus support on those subsectors that were likely to generate the greatest economic impact on Wales and would provide the best opportunities for industry growth in Wales. These were identified at the time as screen (in particular high end TV) and digital media. The creative industries sector is much wider than film/TV and digital, but these were the areas which, at the time, we had opportunities to capitalise on and had the potential for greatest growth.

By 2013 the number of productions being produced in Wales (by Welsh producers and inward investors) was at a crucial tipping point. Experience with projects such as *Hinterland*, *Atlantis* and *Da Vinci's Demons* led to the introduction of bespoke mechanisms that could be implemented for a Welsh Government production fund to attract key investments to Wales, and also enable indigenous businesses in this area to expand production capability.

The main objective was to make it easier to lever additional private investment into Wales, delivering immediate economic benefits through production expenditure and also supporting Welsh businesses to develop and exploit their intellectual property in international markets.

The number of productions being produced in Wales at that time was significantly lower than it is now, meaning that many Welsh freelancers were travelling outside Wales for work. In addition, many of the indigenous companies in the sector at the time were reliant on S4C commissions. This production funding was instrumental in unlocking the potential in some of these companies and providing opportunities for the freelance community.

The importance of studio infrastructure was also considered to be crucial to the development of the film and TV industry in Wales. Dragon Studios was aspirational and too early in the growth of the sector to be a success. However, it became a key part of our strategy to develop studio infrastructure along the M4 corridor. This started with Bay Studios, which was home to three seasons of *Da Vinci's Demons*, and has continued through the development of Pinewood Studios Wales and Wolf Studios Wales.

Figures from 2016 demonstrate that the sector as a whole is flourishing:

- The total number of people in employment in the creative industries sector in Wales in 2016 was 48,600, a 52.4% rise from 2006.
- The number of enterprises active in the creative industries sector in Wales in 2016 was 5,705, a 43.3% increase on 2006 and a 5% increase on 2015.
- Total turnover of creative industries companies in Wales in 2016 was £1.73 billion. There was a 12.5% rise in turnover from the sector between 2006 and 2016.

The Pinewood deal had three key strands aimed at furthering our film and TV strategy:

- to further develop studio infrastructure along the M4 production corridor through the establishment of a professional studio facility at Wentloog run by a globally recognised brand;
- to establish a Media Investment Budget, an evergreen fund to invest in film & TV enabling Welsh Government to benefit from the commercial upside alongside the economic benefits;
- a sponsorship deal to promote Wales internationally across the Pinewood global network.

Having such a well known brand in Wales has been invaluable for the Welsh film and television sector. Pinewood has helped to elevate Wales as a premier production location and has given Wales a global advantage over other regions.

The auditor general for Wales has completed a facts based review into the Welsh Government's relationship with Pinewood. The report will be published on 12 June 2018.

The investment into Bad Wolf was to further this growth through the development of a sustainable TV drama production hub in Wales, led by internationally successful and highly experienced executives and delivering significant long-term economic benefits to Wales. It anchored a 10 year slate of high end TV drama series to Wales, securing the sustainability of the crew and supply chain base in Wales.

This approach has proven successful, with Wales now being a real competitor in the high end TV drama sphere; we have seen our enquiries and number of productions filming here soar. This has also led to a significant increase in the amount of money these productions spend in Wales on the Welsh supply chain, and in the wider Welsh economy. Last year (2017-18) we doubled the amount spent by WG-supported productions in Wales.

Future support – Creative Wales

We fund film and TV productions to bring in benefits to the region's economy through local spend by productions filming in the area. Local spend is immediate and upfront, and can have significant economic impact. Going forward, we need to consider what has worked in the past against the context of the changing industry landscape. A strategic shift is needed to shift from the current funding to traditional film and TV, and move towards funding for

'screen' (which could include video-on-demand (VOD) content and platforms, games and animation).

Since 2015, industry growth has changed the landscape considerably and it has been recognised that whilst the support available remains effective, there are further activities that needed to be prioritised to maintain and accelerate sector growth, namely:

- skills and supply chain development;
- improving networks and access to specialist industry-led advice;
- better exploitation of social media and digital platforms for service provision;
- bespoke support for access to capital (private and public);
- improving creative businesses' ability to create, retain and exploit their intellectual property in the Welsh economy.

Hence our commitment to refreshing and re-launching our support for the creative sector; as a discrete function called *Creative Wales*. We recognise the need for a more rounded approach and the requirement for bespoke support to aid business growth. Government needs to respond more flexibly to a sector that moves quickly and sometimes unpredictably. Creative Wales will be our vehicle for doing this, offering a streamlined, dynamic and innovative service to this sector.

Creative Wales' support needs to concentrate on those opportunities presented by digital platforms, and on the companies best placed to respond to those opportunities. This approach reflects the increasing convergence and synergy across the subsectors.

Maintaining a pipeline of productions, developing and strengthening the film and television supply chain and continuing to position Wales as a top location for film and television production will remain a priority for Welsh Government's support for the creative industries.

Future funding must be able to adapt to support production of visual creative content on any platform (existing, nascent, or as yet not invented). The funding model needs to be flexible, broad, and able to change rapidly. It should be able to support emerging technologies, new platforms, new types of creative content and new ways of monetising them.

In 2018, the creative industries sector in Wales is at a vital tipping point where opportunities are converging. With the right support over the coming years, growth and success could be significant.

2. The support given by the Welsh Government to develop the film and television industries in Wales including:

a. Economic impact, and how this is spread across Wales

Latest figures show that over the last five years, film and TV productions funded by Welsh Government have spent in excess of £178m in Wales, benefitting local supply chains and supporting hundreds of businesses here. Last year (2017-18) £64m was spent on Welsh goods and services by productions filming here supported by Welsh Government - double the previous year's figure.

This does not include spend by productions supported by our Wales Screen Service through logistical support for crew, locations, facilities and services; this figure is in excess of £75M over the last five years.

North Wales

Productions filming in the region have included:

Requiem, a six part high end drama series for BBC1, which was filmed in locations across Wales, including Dolgellau in North Wales.

King Arthur: Legend of the Sword showcased some of Wales epic landscapes which inspired international audiences to find out more about Wales' wealth of legends and links with Arthur. The locations from the film included Llyn Gwynant, and Capel Curig.

Take Down filmed partly in Anglesey and received commercial investment from the WG Media Investment Budget,

CBBC's *Rocket's Island* from Lime Pictures filmed at Penrhyn Beach (a 13x30m children's drama series aimed at 7-14 year olds).

The second series of ITV drama *Safe House* also filmed key sequences in Trearddur Bay, Amlwch, Porth Trecastell and the village of Aberffraw.

Hidden/Craith filmed in Snowdonia was backed by BBC Wales, S4C and all3media international. The eight-part drama premiered in the Welsh language on S4C early in 2018 as *Craith*. A bilingual version *Hidden* is currently showing on BBC One Wales and BBC 4.

Wales Screen's North Wales office in Caernarfon supports the region's economy in relation to film and TV production. It holds an extensive database of local crew, technical facilities, local services and locations and liaises closely with the local authorities, police in north Wales and national bodies such as Natural Resources Wales, CADW and the National Trust. The database of contacts is constantly expanding so that Wales Screen can offer the largest variety of local facilities and crew possible, ensuring that as much money as possible is spent within the north Wales economy.

Regionally significant film and TV companies in North Wales are:

Rondo Media is one of Wales' largest independent production companies with offices in Caernarfon, Menai Bridge and Cardiff.

Cwmni Da has built a reputation as one of Wales' leading and most well-respected indies. It now employs 73 staff, all staff located in Doc Fictoria, Caernarfon,

Chwarel Cyf in Criccieth. is the only TV production company situated on the Llŷn Peninsula offering studio facilities to outside clients, be they film makers or photographers. The studio space also enables them to pitch for TV series which incorporate a studio based element thus ensuring further job creation

All companies have received support (financial and non-financial) from Welsh Government.

South West Wales

We continue to support and grow the film and television industry in South West Wales and Wales Screen, part of the Welsh Government's Creative Sector, is constantly promoting the Welsh locations and local facilities providers.

Bay Studios in Swansea has been home to three seasons of *Da Vinci's Demons* generating £28.5m of Welsh spend into the local economy alone. The production was shot

across multiple South West Wales locations, with the prime location being Margam Park and Castle. The facility has also been home to the Media Investment Budget funded *The Collection*, a high-end TV drama series of 8 x 60 minute episodes written for Amazon Prime Video. Set in 1947 Paris just after the end of World War 2, the series was filmed on location in Paris, at Bay Studios, near Swansea and across various South West Wales locations. The production spent £5.2m in the local Welsh economy.

Apostle, a new feature film starring acclaimed Welsh actor Michael Sheen and star of *Beauty and the Beast* Dan Stevens, was filmed in South West Wales. US-based producers XYZ Films linked up with Cardiff-based production company, Severn Screen to produce the latest film from acclaimed Welsh director Gareth Evans, whose previous films *The Raid* and *The Raid II* were global hits. *Apostle* was commissioned by Netflix and will debut exclusively on the streaming service worldwide in September 2018. Support from the Welsh Government has ensured that the entire shoot and all post-production work on *Apostle* was undertaken in Wales, providing a £5m plus boost to the economy, filming took place in Swansea Bay Studios on Fabian Way and on location in Margam Park and Castle.

Media Investment Budget funded crime drama *Bang*, filmed in Port Talbot was shortlisted for a prestigious Writers' Guild Award. The series, which was shown on S4C in the autumn was nominated for an award in the Best Long-Form TV Drama category alongside *Line of Duty*, Series 4 (Jed Mercurio) and *Taboo*.

Welsh Government supported the successful and record breaking BBC drama, *Un Bore Mercher/ Keeping Faith* which was produced bilingually and showcased top Welsh talent. The show first aired in Welsh on S4C with Eve Myles (who plays the main character Faith Howells) learning Welsh specifically for this dual-language series. The court scenes were filmed at the Guildhall in Carmarthen and the Guildhall in Swansea. Many of the striking exteriors were filmed in Laugharne; the police station was based out of a station in Pontardawe and the backdrop of Port Talbot is used in some of the exteriors, including the North Bank Fishery.

South West Wales is frequently used as a filming location and further examples include;

- *Their Finest Hour and a Half* - a period romantic comedy filmed extensively in Swansea, Haverfordwest and Freshwater West. The crew spent seven weeks filming in Wales and had location assistance from Wales Screen, and the film was backed by the Welsh Government's £30m Media investment Budget. The production spent £1.6m on goods and services in Wales.
- *Dan y Wenallt* - a film interpretation of Dylan Thomas' classic play Under Milk Wood was filmed in Solva a harbor village on St Brides Bay, Pembrokeshire;
- *Set Fire To The Stars* - a feature film about Dylan Thomas starring Elijah Wood and Celyn Jones filmed primarily in Swansea. The feature was shortlisted for an Oscar in the 'Best Original Score' category and was nominated for seven BAFTA Cymru awards in 2015, winning two.
- *From A Jack To A King* - YJB Films' first feature film, a documentary telling the story of the last 10 years of Swansea City as it rose from the lowest division in English football to the Premier League.
- Sky's high profile drama series *Britannia* also filmed key sequences at Rhossili, on the tip of the Gower Peninsula in Swansea.

Yr Egin – The Welsh Government has invested £3m to support Yr Egin. This will support the construction of a new building intended to provide accommodation for companies, incubator space to develop new businesses in the creative and digital sectors as well as

event space, an open auditorium and production and edit suites that could be used by both companies and the University of Wales Trinity Saint David. The University intends that Yr Egin will be the catalyst for a cluster of creative businesses in Carmarthen, with S4C as its anchor tenant. It hopes that this will in turn help the local economy, bring additional, high quality jobs to Carmarthen, cement links between academia and creative businesses and support our wider commitment to promoting Welsh as a living and vibrant language.

Tinopolis is one of the creative industries sector's anchor companies. Based in Llanelli, it is one of the UK's leading production companies – and one of the last remaining independents. The Executive Chairman of Tinopolis Group is Ron Jones, who is also Chair of the Creative Industries Sector Panel and a member of the Media Investment Panel. Tinopolis is behind TV shows including Question Time and Crufts and is producer of BT's Premier League and Champion's League coverage. Tinopolis has made several big deals in the US in recent years, including beating ITV to buy Magic Elves, the maker of hit shows including Master Chef.

As a key independent TV production company, Tinopolis plays an important role in the film and TV subsector in Wales. Its success is both domestic and international, and it has achieved sustained growth through investment to become a major TV content provider.

South East Wales

The south east is the largest cluster for film and TV production in Wales. Many productions have filmed and continue to film across South East Wales. Highlights include:

- *Born to Kill* - a critically acclaimed four part drama series aired on Channel 4 in 2017 with support from BBC Worldwide and the Welsh Government.
- *Decline and Fall* - a three part comedy drama adaptation of Evelyn Waugh's 1928 novel screened in on BBC One in April 2017.
- *The State (formerly known as Crossing the Border)* - Archery Picture's high end TV drama for Channel 4 was filmed across multiple locations in Cardiff.
- *Requiem* - a six part high end drama series for BBC1, filmed in locations across Wales, including the Rhondda Heritage Park and Cefn Tilla near Usk.
- *Kiri* - a 4 x 60 minute drama series for Channel 4, co-produced by All3 Media and Hulu filmed in South East Wales. The show was written by Jack Thorne, the second in his trilogy of dramas exploring the collision between media and controversial criminal/legal cases.

Bad Wolf

In June 2015 the TV production company Bad Wolf committed to basing its operations in Wales. Bad Wolf Ltd is headed by Jane Tranter and Julie Gardner, ex-BBC Worldwide executives who intend to exploit their US relationships and IP to secure, develop and produce a high-value slate of TV drama projects in Wales.

Bad Wolf has identified a pipeline of TV productions with budgets totaling over £290m over the next 10 years. Officials included £108m¹ of this Welsh production expenditure as a pre-condition of the Welsh Government's offer of support of up to £9m. In order to secure Bad Wolf and its slate of productions to Wales, Bad Wolf was awarded a Welsh Government funding offer made up of a repayable advance and grant. Bad Wolf Ltd has

¹ Bad Wolf has since been able to confirm that this expenditure will increase to £128M as part of the Wolf Studio Wales agreement.

now established offices in Cardiff and Los Angeles (LA) and has taken over BBC Worldwide Productions' development slate of 45 projects, beginning with two long running returnable series which have been commissioned by UK broadcasters:

- Deborah Harkness' All Souls Trilogy, the first of which is *A Discovery of Witches*. The first season was filmed in Wolf Studios Wales and on location in Wales. Bad Wolf will look to adapt all three books in the series for television.
- Phillip Pullman's *His Dark Materials*, an adaptation of the contemporary classic trilogy of novels for the BBC. It has a £48m budget of which 60% (£28.8m) is expected to be spent in Wales. The series is likely to run over five seasons, with eight episodes currently filming in Wolf Studios Wales and on location in Wales.

Off the back of Welsh Government's production funding, Bad Wolf has secured other major investments into the company:

- Access Entertainment, a division of Access Industries, has taken a 24.9% stake in Bad Wolf;
- Sky and HBO have each taken a minority stake and seats on the board. As part of the deal, Bad Wolf will supply drama for the recently-announced co-production partnership between Sky and HBO, which is aimed at funding large scale dramas for the international television market.

Mid Wales

Hinterland / Y Gwyll is a contemporary television detective drama series set in and around the town of Aberystwyth. *Hinterland* brought together S4C and BBC Wales on a drama for all of Wales.

Three series were filmed across multiple locations in and around Aberystwyth and Ceredigion with English and Welsh language versions of the programme produced simultaneously. *Hinterland / Y Gwyll* delivers quality drama not only to a domestic audience via broadcasters S4C and BBC Wales but also to a UK wide audience via its transmission on BBC4, and to an international audience via distribution partner ALL3MEDIA. This project supports the Welsh Government's objective of assisting indigenous Welsh companies in exploiting international markets.

Hinterland / Y Gwyll was winner in the Best Drama category at the Celtic Media Festival 2014. The series was also nominated in the Best Drama and Best Actor categories at Monte Carlo.

b. Cultural impact and the Welsh language

Media Policy

Welsh Government worked closely with the BBC to ensure that the new BBC Charter gives the BBC a much stronger public purpose to reflect, represent and serve the diverse communities of Wales. We can now expect more and better content and programming for Wales, about Wales, and in Wales across the BBC's services. Our direct involvement in the Charter renewal process was vital in securing these improvements. To deliver this, appropriate funding is required and we have consistently stressed that any new money promised for Wales has to be genuinely additional. We therefore welcomed the announcement in February 2017, that BBC Cymru Wales will receive additional budget for

programming, and will launch some new services. Some increased budget was made available in 17/18, rising to the full additional increase of £8.5m by 19/20. This will be made available to commissioners to deliver new English language programming for Wales, an increase of 50% over the budget they currently have available. This will enable the BBC in Wales to commission more programmes that truly reflect the lives of people in Wales and to make sure that more of this programming is seen across the UK network.

The new funding is supporting a major expansion in drama, comedy and landmark factual programming, including the biggest ever slate of English language TV drama set in Wales. Three major dramas shot in Newport, Carmarthenshire and North West Wales will be aired on the BBC in 2018. Two have already been broadcast, garnering both critical acclaim and popular success with audiences – *Keeping Faith* starring Eve Myles and *Requiem* starring Lydia Wilson and Richard Harrington. Welsh Government co-funded both these productions with the BBC (and in the case of *Keeping Faith* S4C), to ensure that maximum economic and cultural benefits are retained within the region.

A new network drama commissioner for Wales, Chris Aird, has also been appointed to ensure Wales is better reflected on screen.

In addition, Welsh Government has for some time been asking Ofcom to set more challenging out-of-London production quotas for the public service broadcasters. We therefore welcome the major new commitment from Channel 4 to significantly increase its Nations & Regions content spend from its current quota of 35% to a new voluntary target of 50% by 2023. This will result in a cumulative boost of over £250m in Channel 4's Nations & Regions commissioning spend.

Channel 4's '4 All the UK' strategy is a significant and welcome new approach to the nations and regions, one that as a whole should deliver real benefits for the creative industries sector across Wales. We agree that Wales would be a great home for Channel 4. Our creative industries are booming and we have an international reputation as a home of drama, production, skills and talent.

The Welsh Government will work to directly support the development and delivery of a great future for Channel 4 in Wales and officials are already in discussion with Cardiff Council and its partners. We expect that this offer will increase opportunities and deliver benefits for people and businesses across Wales.

There were bids from other areas of Wales to host the new Channel 4 national HQ or one of its creative hubs. It is disappointing that none of the other bids are going forward, but we are already discussing the potential to build on those bids in other ways with the authorities concerned.

Welsh Language productions

Welsh Government support or investment is available for film and TV projects in both Welsh and English. Our support is conditional on a number of criteria being met, including the need to demonstrate an international market, spend a significant amount of the production budget in Wales and the strength of the likely economic return. However, the primary aim of all Welsh Government support is to strengthen the film and television sector in Wales, through ensuring that Welsh people, Welsh locations and Welsh companies benefit through any investments made.

Since 2011 and up until the 30 May 2018, Welsh Government has actively supported 14 Welsh language productions, alongside S4C, with associated funding being offered in excess of £2.3m:

Production Title	Location	Value of Offer
<i>Igam Ogam</i>	Animation Studio, Cardiff	£75,000
<i>Y Syrcas</i>	On location, West Wales	£20,000
<i>Dan Y Wenallt</i>	South West Wales	£35,000
<i>Boj</i>	Cloth Cat Animation Studio, Cardiff	£200,000
<i>Twt</i>	Cloth Cat Animation Studio, Cardiff	£550,000*
<i>Cestyll</i>	North Wales	£45,000
<i>Y Gwyll Series 1</i>	On location, Ceredigion	£215,000
<i>Y Gwyll Series 2</i>	On location, Ceredigion	£304,000
<i>Y Gwyll Series 3</i>	On location, Ceredigion	£250,000
<i>Un Bore Mercher</i>	On location, West Wales	£328,000
<i>Mynddoedd Y Byd</i>	International locations	£30,000
<i>Y Wal2</i>	International locations	£45,000
<i>Bang</i>	On location, Neath Port Talbot	£350,000
<i>The Rubbish World of Dave Spud (Illuminated Productions Ltd)</i>	Cloth Cat Animation Studio, Cardiff	£90,000

* Business Finance Funding to Lupus Films Ltd up to a maximum of £550,000 of which £350,000 was allocated to *Twt* and £200,000 to TV animation feature *Ethel & Earnest*.

Welsh Government continues to support high-end audio visual Welsh language media through our indigenous companies such as Boom Cymru, Rondo Media, Cwmni Da, Telesgop and Avanti Media.

We have also seen major progress in the Welsh language being promoted and recognised as an international language, with both *Y Gwyll* and *Bang* being successfully sold worldwide.

Welsh Government does support Welsh businesses in other ways. For example, we have recently supported Boom Cymru, one of the largest TV content producers in Wales, to consolidate its presence at the Welsh Government's flagship creative industries building Gloworks in Porth Teigr with the assistance of a Welsh Government Business Finance grant of £115,125 (part repayable, part non-repayable).

Boom Kids is a division of Boom Cymru and is the major producer of pre-school and younger viewers programming in the S4C *Cyw* and *Stwnsh* strands. They are one of the largest producers of children's TV in the UK 6-13 years old range. The division employs over 50 full time staff and the Welsh Government grant will help secure 41 existing jobs.

In addition to securing the future of Boom Cymru, the facility will showcase the Welsh TV industry and encourage and promote the Welsh language and culture.

Their relocation involves the building of a state of the art studio facility and associated services from where Boom Kids would produce *Stwnsh* and *Cyw*, as well as increasing its public profile and providing an invaluable cultural and educational service to Welsh learners and Welsh children in the heart of Cardiff Bay. The company aims to attract children to interact with the facilities by taking part in studio activity and offering set visits.

In considering future applications for funding, Welsh Government will continue to take the cultural benefits into consideration. Projects that demonstrate a strong commitment to Wales, in terms of key talent, a long term base, commitment to significant Welsh spend and training will be prioritised for support.

c. Value for money

Business Finance / Wales Screen Fund

Production Projects that receive grant funding are expected to spend a significant amount of money on local suppliers, cast, crew and facilities i.e. 'Welsh spend'.

Since 2012-13, Welsh Government has been using a target ratio of 12:1, where projects must demonstrate at least £12 investment induced for every £1 of Welsh Government spend.

This ratio is a target and lower ratios might be accepted for projects with longer terms benefits (e.g. permanent base in Wales, key Welsh talent attached to the production, significant training opportunities) and / or a strong strategic fit e.g. (high-end TV drama).

The value of spend in Wales as a result of film and TV production is identified in project records and documentation submitted to the department at project close.

Since 2012-13, Welsh Government has achieved an average ratio of 10:1 – that is almost £11m in funding has generated £120m of defrayed expenditure directly into the Welsh economy. This figure only includes those projects that have fully completed and confirmed their Welsh spend.

Desktop research has been undertaken by officials into benchmarks of funding-to-local-spend ratios in other UK regions. It was found that there is considerable variation in expected returns, according to region and type of project. For example, Northern Ireland Screen has an indicative ratio of 8 to 1 (although this can change according to the type of production and investment).

Media Investment Budget

For productions supported via the Media Investment Budget, the criteria to date has been that projects must undertake 50% of principal photography in Wales and spend a minimum of 35% of their budget on local below the line expenditure². However, this is combined with a requirement for all commercial funding to be compliant with the Market Economy Operator Principle (MEOP) and repaid in full.

The commerciality of projects applying for funding via this route is ratified by external media experts and then considered by a panel of media specialists. Any project not considered to be MEOP compliant would not be recommended for funding.

The specialist panel assesses the level and type of funding being requested and considers the probability of its potential to provide a return on investment, based on but not limited to, independent sales projections, how other projects of a similar genre have done in the market place and track record of the production team.

² Below the line expenditure can be defined as all production costs excluding the creative talent – such as Actors, Director, Producers, and Writers from the other crew.

Value for money cannot be considered in the same way as for grant funded projects as there is a balance to be struck between the potential for commercial return and the benefits to Wales. For example, a project that might receive £1m in funding may only spend £2m on local Welsh good and services (a 2:1 return); however if and when that funding is fully repaid to Welsh Government it would be £2m spend at nil cost.

It must be acknowledged that full repayment of any commercial investment into film and television production is completely dependent on the success of the film and / or TV production.

Officials have recently been exploring how to revise the sector's VFM calculations and rationale for funding to film and TV to better reflect changes that have taken place in the market and to set a solid foundation for future support of the sector via Creative Wales.

3. How support for the sector may be affected by the Welsh Government's new Economic Action Plan

We believe that the Economic Action Plan (EAP) and our commitment to establishing Creative Wales are well aligned; both support a holistic approach, improved regional working and acknowledge the need for broader measures of impacts. Creative Wales will embrace EAP's emphasis on fair work and the promotion of skills.

EAP's economic contract chimes with the synergies between the arts and the creative industries and their ability to create economic, social and cultural benefits. This requirement to be even more socially responsible will be hard-wired into our future work with the sector.

The new criteria for funding will provide opportunities for creative industries companies and may boost areas which fit with our strategic plans. For example:

- Creative industries companies are ahead of the curve in terms of capacity for innovation and trying new things.
- Entrepreneurship is common in the sector and something we want to encourage.
- The digital nature of much of the sector's output is easy to export across borders (if the requisite copyright and IP protections are in place) and we would like to see more international trade.

Therefore there are opportunities to align, whilst acknowledging the different mechanisms and actions that need to be brought to bear in supporting the creative industries.

Evidence has demonstrated that the main growth opportunities across the sector most likely to lead to job and wealth creation are to be found in the exploitation of creative content (intellectual property) on digital platforms.

Therefore the activities of Creative Wales will be complementary to the EAP in order to support these new industries that create wealth and jobs through the creation, acquisition, retention and exploitation of IP.

We acknowledge that there are areas where we will need to work with the new model to ensure it can adapt to some of the characteristics of the creative industries sector, such as:

- Over 90% of the sector is made up of small, micro and zero companies, and some requirements should therefore be proportional to the capacity of the companies.

- Many companies in the sector do not produce products or services, but more intangible intellectual property.
- Use of freelancers is endemic and may make it difficult to evidence fair work.

4. To investigate how Ffilm Cymru Wales (FCW), the BFI and others support the sector, and how this work complements the work of the Welsh Government in this area

FCW supports Welsh or Wales-based writers, directors and producers with development and production funding, industry assistance and mentoring opportunities, whilst BFI's remit in funding is to support UK filmmakers and films.

The work of the Welsh Government's creative industries sector team focuses primarily on the expansion and economic impact of the film and TV industry in Wales. Therefore it is to be expected that there are occasions where a production will align with the aims of all three organisations, and in fact the Welsh Government has co-invested into the following productions with Ffilm Cymru Wales:

- Red and Black Films (Don't Knock Twice Ltd.'s) feature film *Don't Knock Twice* Media Investment Budget (£629,516) and Business Finance (£75,000)
- Vox Pictures (Eternal Beauty Productions Ltd 's) feature film *Eternal Beauty*, Media Investment Budget funding into (£1,050,000)
- Red and Black Films (Pandora Films Ltd.) *The Machine*, Repayable Business Finance de minimis (£80,000)
- le le Productions Ltd.'s digital platform for the feature documentary *American Interior*, Digital Development Fund (£49,900)
- Severn Screen Ltd.'s (Coracle Picture Limited) feature film *Denmark*, Business Finance (£85,000)
- fFati fFilms feature films *Y Syrcas* Repayable Business Finance de minimis (£20,000)
- fFati fFilms *Dan Y Wenallt / Under Milk Wood* WG sponsorship (£35,000)
- Set Fire To The Stars Productions Ltd feature *Set Fire to the Stars* Repayable Business Finance de minimis (£48,000)
- Lupus Films Raymond Briggs Animated feature *Ethel and Ernest* for BBC 1 Business Finance (£200,000 of £550,000 offer which included £350,000 allocated for Twt)
- Gritty Realism Productions Ltd *Heart of Darkness* Business Finance (£150,000)

The Welsh Government has co-invested into the following productions with the British Film Institute:

- Journey's End Films Limited for their feature film *Journey's End* Media Investment Budget (£850,000)
- Vox Pictures (Eternal Beauty Productions Ltd 's) for their feature film *Eternal Beauty* Media Investment Budget (£1,050,000)

5. The support given to develop skills and address skills shortages in the industry, whether there is sufficient data to map existing skills.

Welsh Government's Creative Industries Sector team's remit has not historically focused on skills, but rather growing the sector and supporting businesses to grow. That notwithstanding, by 2012 it had become apparent that any growth momentum in the screen industry could not be maintained unless there was support for developing industry skills and improving the talent pipeline. In order to achieve this, we have:

- wholly funded a series of full time placements which enabled six trainees to work on the production of *Da Vinci's Demons*;
- funded It's My Shout and West Glamorgan Youth Theatre for specific projects;
- established working relationships with educational institutions and organisations including Schools, Careers Wales, FE/ HE institutions (Creative Industries leads at Coleg Cambria, Coleg y Cymoedd, CAVC, USW, Cardiff University, etc.);
- co-funded the Screen Alliance Wales education project with Creative Skillset;
- funded a report into raising funding to develop 'beacons of excellence' for youth drama across Wales.

Work planned in the near future includes:

- Diversity in Film and TV event – Scoping an intensive day with follow up mentoring and support to increase the diversity of the screen industry in Wales and improve access for under represented groups of people.
- Ensuring Welsh Government has a good working relationship and strategic alignment with Creative Skillset; Creative Skillset has been awarded the contract to deliver the BFI Film Futures skills fund, which is a £20M pot to improve film skills across the UK over the next five years.

Welsh Government's Wales Screen service (part of the Creative Industries Sector team) has been involved in addressing some of the skills gaps in the industry by carrying out exit interviews with producers that have received funding from Welsh Government and monitoring where there have been gaps; what improvements could be made etc.

Wales Screen also:

- provided funding to Sgil Cymru's 'Stepping Up' scheme (2017-2018) a training initiative for TV drama professionals in Wales, allowing those already working in the industry to advance in their career, and also for those highly trained qualified specialists who want to move across to TV. WG funding was matched by monies from Creative Skillset's High End TV Levy.
- regularly promotes locally based crew and facility companies via an extensive online database, to productions shooting throughout Wales;
- shares job opportunities on productions that are crewing up in Wales via social media channels, reaching out to those not registered on the database;
- hosts networking events throughout the year, introducing new inward investment productions to the crew and facilities based here and allowing local producers to meet with companies establishing new bases in Wales;
- encourages facility companies to establish Welsh branches allowing producers more choice when it comes to their 'Welsh spend';
- promotes relevant industry training courses run by the Production Guild, Sgil Cymru and Creative Skillset etc.

Future skills support

With the setting up of Creative Wales comes an opportunity to review and improve the provision of support for skills and training in the film and TV sector in Wales. On behalf of Welsh Government, Creative Wales will be involved in policy and activity to generate a larger and more skilled workforce to service the sector.

It is clear that to fully take advantage of the boom in production, Wales needs to be able to supply more, and better trained, crew. This will involve both training up new entrants with the skills required, and up skilling existing workers in the industry.

There is a clear argument for Creative Wales, as an economic development body, to involve itself in skills support. The economic success of the film and TV industry in Wales is dependent upon the skills of the people working in it. This is an area of activity undertaken by both Creative England and Creative Scotland.

One particular area where improving skills will make a direct economic impact is making sure productions filming in Wales can maximise their Welsh spend. The skills gaps outlined above force some roles to be brought in from outside Wales because suitably skilled people cannot be sourced locally.

Creative Wales will need to work with Welsh Government Skills colleagues, with FE and HE institutions and industry representatives to consider the effectiveness of current provision and future requirements.

To maximise economic returns for Wales and development of the sector, the role of Creative Wales should thereafter encompass a range of activity which constitutes a top level co-ordination role. Creative Wales should use partnerships and networks, develop market intelligence and provide information, and leverage funding where it can.