

Andrew Slade
Director General – Economy, Skills and
Natural Resources Group
Welsh Government

21 January 2020

Dear Andrew,

The Welsh Government's relationship with Pinewood

The Deputy Minister for Culture, Sport & Tourism wrote to us on 23 December 2019 ahead of his scrutiny session at the Culture, Welsh Language and Culture Committee on the draft budget. The letter provided updates on the Media Investment Fund's performance, and financial performance and income projections for Pinewood Studios as at November 2019.

We considered the correspondence at our meeting on 6 January 2020 and seek clarity on the points below.

In our [report](#) on the Welsh Government's Relationship with Pinewood, we articulated some of our expectations on the £30m of Media Investment Fund Expenditure and the anticipated economic impact of £90m. The investments listed in the Deputy Ministers latest update are identical to those listed in the evidence provided by the Welsh Government to the Committee over a year ago.

Evidence to the Culture, Welsh Language and Communication (CWLC) Committee on 8 January 2020 stated that the Media Investment Fund was paused, which explains why these figures are identical. However, it was not clear from the evidence provided to CWLC Committee what might be expected in terms of further investment and over what period. For example, has the figure of £30m previously been invested, in part, through recycling monies recouped (i.e. making the actual spend slightly lower).



We also note that the Welsh spend figure set out in the Deputy Ministers letter appears to have increased from a figure of £18m as set out to us previously in evidence from Welsh Government Officials to £25m. The amount recouped overall appears to be slightly more than the 'just under £5m' quoted to the Committee in November 2018.

These figures concur with those provided to CWLC Committee on 8 January 2020, when the Director of Culture, Sport and Tourism stated:

“overall, £25 million of investment for a net £10 million—. So, we invested £15 million, but we've recouped £5 million in terms of receipts. So, a £25 million return on a £10 million investment, we think, is good”.

Please could you confirm these figures and provide details on:

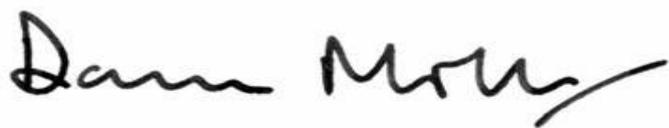
- how the 'Welsh Spend' figure is calculated i.e. how is it constituted and could you set this out line by line and define what the £0 figures shown currently (does this reflect a complete failure or is it simply a reflection of where the project is in its lifecycle);
- how the figures for amounts recouped or Welsh spend compared with any expectation when the investments were agreed;
- the extent to which the Welsh Government is expecting further amounts to be recouped over time in terms of individual cases including details on the longevity of these film projects in relation to recuperating costs;
- whether the Welsh Government undertaking any ongoing tracking of the Welsh Spend figures
- the context to financial projections for the studios, including future plans for the studios, rentals and update us on why primary tenant agreements have not yet been confirmed for 2020–21 onwards.

More generally the Committee would welcome your views on the future objectives of the studios following the announcement in October 2019 that Pinewood would be ceasing its involvement with the Cardiff Studios from March 2020. Please also clarify whether the primary objective of the Welsh Government is for the studios to operate at potentially at a loss in the context of any wider benefits that might be derived from the studios or to operate as a commercial, profit making entity.



I look forward to receiving your response.

Yours sincerely,

A handwritten signature in black ink that reads "Darren Millar". The signature is written in a cursive style with a long, sweeping underline.

Darren Millar AM
Chair (Temporary)

