

Inquiry into Film and Major Television Production in Wales

May 2019



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Inquiry into Film and Major Television Production in Wales

May 2019



About the Committee

The Committee was established on 28 June 2016. Its remit can be found at: www.assembly.wales/SeneddCWLC

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Plaid Cymru
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Current Committee membership:



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Welsh Labour
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Newport West



Vikki Howells AM
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David Melding AM
Welsh Conservatives
South Wales Central



Rhianon Passmore AM
Welsh Labour
Islwyn

The following Members were also members of the Committee during this inquiry.



Suzy Davies AM
Welsh Conservatives
South Wales West



Sian Gwenllian AM
Plaid Cymru
Arfon



Neil Hamilton AM
UKIP
Mid and West Wales



Jane Hutt AM
Welsh Labour
Vale of Glamorgan



Dai Lloyd AM
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South Wales West



Jenny Rathbone AM
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Jack Sargeant AM
Welsh Labour
Alyn and Deeside



Lee Waters AM
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Llanelli

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Chair's foreword

There has never been a better time to make film and major television productions in Wales. Over the last decade growth has outstripped that across the UK, and Wales now has a number of studios making high-budget productions for domestic and international audiences. From Sherlock and Doctor Who to Sex Education and His Dark Materials, there can be no doubt that Wales is an excellent place to make high-quality productions.

But when we started this inquiry it was unclear what the Welsh Government's part in this success story was. Similarly, they had a Media Investment Budget that invested in productions in Wales: but it was unclear to what extent this was an inward investment vehicle or an attempt to grow the domestic industry.

During the inquiry the Wales Audit Office published a report into the Welsh Government's relationship with Pinewood which shone an uncomfortable light on these twin pillars of the Welsh Government's apparent film strategy. We learnt that the Welsh Government had ended up paying Pinewood to run the studio in a relationship that officials conceded did not represent good value for money. The Welsh Government struggled to spend from the Media Investment Budget, and its initial recoupment estimates were proved to be wildly overambitious.

The Committee heard that the biggest factor restricting growth in the screen industries in Wales is a potential skills shortage. Recent growth in the sector shows we are blessed with a skilled workforce, but in the absence of good data, we don't know what skills we need to fuel future growth. We simply don't know what skills we don't have.

We are calling for the Welsh Government to publish a strategy setting out how it will take the screen sector to the next level. It needs to provide more clarity for the sector over what support is available, and for what purpose. It needs to map skills across the sector and plan how to mitigate any gaps. We welcome the big productions that have come to Wales – spending money and training and employing local people. But more needs to be done to develop the indigenous industry – to help tell Welsh stories that can echo across the world.

All signs are that the massive surge in consumption of video content on electronic devices will continue to drive growth in the screen industries internationally. The Committee's report set out how the Welsh Government should best balance inward investment, indigenous growth and skills support to make sure that Wales makes the most of this global opportunity.

Recommendations

Recommendation 1. The Welsh Government should publish a strategy which sets out their vision of how Wales’ screen industry can:

- be financially secure;
- develop small businesses to take advantage of larger scale productions;
- attract productions with a range of values and cultural diversity;
- support Welsh language and other distinctly Welsh productions with a view to increasing the visibility of Welsh language and culture on the international stage;
- take responsibility for identifying and mitigating skills gaps through formal and informal learning; and how work and learning opportunities will be promoted to ensure they can be accessed by a diverse talent pool..... Page 17

Recommendation 2. The Welsh Government must ensure that Creative Wales:

- has a strong formal engagement with industry experts; including union representatives;
- is sufficiently resourced;
- is flexible enough to take informed risks and
- has a clear and transparent policy on funding. Page 18

Recommendation 3. The Welsh Government’s Ministerial Advisory Board should include a representative of the creative industries. Page 18

Recommendation 4. The Welsh Government should explore a scalable funding model which allows for productions of all sizes. Page 27

Recommendation 5. The Welsh Government’s funding policy should be designed to build a sustainable Welsh screen industry. This includes exploring the option for requiring funding recipients to enter into co-production agreements with Welsh companies. The requirement to spend at least 35% of the “below the line” production budget on local suppliers, cast, crew and facilities should apply to businesses registered and based in Wales. Page 27

Recommendation 6. The Welsh Government should explore a simpler model for funding applications which is attractive to producers and co-investors and meets due diligence requirements Page 27

Recommendation 7. The Welsh Government should set out a clearer funding policy on Welsh language productions which should be aligned to the Cymraeg 2050 strategy..... Page 27

Recommendation 8. S4C should set out their priorities for commissioning Welsh language films and how they have accessed all available funding to do so.
..... Page 27

Recommendation 9. The Welsh Government should require Creative Wales to draw up a skills strategy which:

- provides information on the skilled workforce in Wales’ screen industry;
- audits the training and work placements being offered at all levels of education, including schools;
- identifies how skills gaps will be filled and
- seeks input from unions and employers on the future skills needs of the industry..... Page 35

Recommendation 10. The Welsh Government should ensure that funding for major productions includes requirements to hold at least one local audition.
..... Page 35

Recommendation 11. The Welsh Government should investigate the feasibility of introducing a quota for local on-screen talent for companies in receipt of funding.
..... Page 35

Recommendation 12. The Welsh Government should clarify how their apprenticeship schemes can be utilised by the screen industry. Page 35

Recommendation 13. The Welsh Government should provide appropriate funding to support film festivals in Wales via a dedicated funding stream. This funding should be widely promoted and should include bursaries for film makers from Wales to attend international film festivals..... Page 38

Recommendation 14. The Welsh Government should publish set criteria for the outcomes they are supporting when providing funding for film festivals. Page 38

Recommendation 15. The Welsh Government should ensure those working in the screen industries are included in international trade missions and take every opportunity to promote our industry internationally.Page 39

Recommendation 16. We recommend the Welsh Government provides greater clarity and transparency in its communication with the Committees of the National Assembly for Wales when discussing commercial ventures similar to the agreement with Pinewood in future..... Page 42

Recommendation 17. The Welsh Government should update the Committee with:

- the latest figures for spending and return on investment from the Media Investment Budget;
- the rental income being received from Bad Wolf and how it compares with any ongoing costs incurred by the Welsh Government, and
- whether the Wentloog site is now operating at a profit to the Welsh Government or not..... Page 42

1. Introduction

- 1.** The Culture, Welsh Language and Communications Committee of the National Assembly for Wales (the Committee) has a remit which covers broadcasting and the media, the Welsh language, arts, heritage and the creative industries.
- 2.** This inquiry was held to clarify the Welsh Government's policy aims for funding film and major television production in Wales, and understand how and why decisions are made in this area.
- 3.** The Committee held a workshop to hear from those working in the creative industries in March 2018. The feedback from this event was used to draw up the terms of reference for a focussed inquiry.
- 4.** The Committee published a call for written responses between 14 March 2018 and 18 April 2018, asking people to comment on:
 - 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.
 - How support for the sector may be affected by the Welsh Government's new Economic Action Plan;
 - 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; and
 - The support given to develop skills and address skills shortages in the industry, whether there is sufficient data to map existing skills.
- 5.** 34 written responses were received. The Committee heard from individuals and organisations representing the screen industries and the Welsh Government over the course of seven meetings during the Summer of 2018. Committee Members also visited Pinewood Studios and Bad Wolf studios. Members attended an event organised by "Into Film" at Chapter Arts Centre where they viewed students' short films.

2. Background

Investment and advice

6. The Welsh Government has a £30 million Media Investment Budget (MIB),¹ which can provide commercial funding (loans and grants) for TV and film productions. This funding is provided with conditions, including that at least 50% of the production is shot in Wales, and 35% of the below the line production budget² must be spent on “Welsh Production Expenditure” (i.e. expenditure on goods and services supplied by businesses and individual freelancers located in and operating from or within Wales). The Welsh Government will share in any commercial upside from film or television projects, whether in box office receipts or where television programmes are distributed globally.

7. As of November 2017, the Welsh Government had invested £12 million in film and TV projects supported by the Media Investment Budget. At the time, the overall amount of money recouped from that investment stood at £3.7 million.³

8. Separate to the Media Investment Budget is the **Wales Screen Fund**: a notified scheme that enables the Welsh Government to provide funding to support audio-visual projects in Wales. In August 2017, Ken Skates AM, Cabinet Secretary for Economy and Transport, stated that:

“Since the introduction of the 2015-20 Wales Screen Fund notification, 21 productions have been awarded a total of £9,475,643 funding. These projects have achieved over £75m spend on Welsh Goods and services.”

9. A list of these awards was provided in a letter to Suzy Davies AM on 30 November 2017.⁴

10. Pinewood Pictures worked with production companies to structure commercial deals that were considered suitable for Welsh Government

¹ www.weareukfilm.com/sources-of-funding/fund/welsh-governments-media-investment-budget

² “Below the line” expenditure refers to expenditure on the production of the film, rather than the creative direction (i.e. not expenditure on, for example, the screenwriter, producer, director, and actors)

³ Welsh Government, [Request for Information – ATISN 11518 – Media Investments](#)

⁴

www.assembly.wales/written%20questions%20documents/information%20further%20to%20written%20assembly%20questions%2074054%20and%2074098/170816-74054.%2074098-e.pdf

investment from the Media Investment Budget (this arrangement ended in September 2017).

11. At the time of the inquiry, the Welsh Government also had a Media Investment Panel, an independent panel of experts, with responsibility for providing advice to Welsh Government on MIB investments. The Media Investment Panel also advised the Welsh Government on the provision of other funding for film and TV projects of £1 million and over.⁵

12. Sky Vision – Sky’s production and distribution arm – has joined with the Welsh Government to support independent TV production in Wales by investing £400,000 in funding for new factual and entertainment programmes.

13. In November 2017, Cabinet Secretary for Economy and Transport Ken Skates AM and Lord Dafydd Elis-Thomas, Minister for Culture, Tourism and Sport issued a written statement which said that:

“Over the last 5 years, film and TV productions shot in Wales and funded by Welsh Government have spent in excess of £100m in Wales.”⁶

Infrastructure

14. The Welsh Government has provided funding for film and television studios in Wales, including Wolf Studios Wales in Cardiff Bay; Pinewood Studio Wales in Wentloog; Bay Studios in Swansea and Dragon Studios near Bridgend.

The value of the screen industry in Wales and the UK

15. Since 1999, GVA of motion picture, video and TV programme production in Wales has grown from £59 million to £187 million in 2016. This is an increase of 217%. In the UK as a whole, GVA in this area has grown from £5.15 billion in 1999 to £9.49 billion in 2016. This is an increase of 84%. Between 1999 and 2016, Welsh GVA in this area has grown from 1.1% of the UK total to 1.8% of the UK total.

⁵ <https://gov.wales/topics/businessandconomy/our-priority-sectors/creative-industries/media-investment-panel/?lang=en>

⁶ <https://gov.wales/about/cabinet/cabinetstatements/2017/creativeindustries/?lang=en>

3. A screen strategy for Wales

Wales needs a creative industries strategy to launch the next decade of support for our screen industries. We need to move from establishing our industry to sustaining a stand-alone sector which competes internationally at the highest level.

Setting out a strategy for the screen industry

16. All those we spoke to as part of this inquiry stressed the need to maintain and build on the momentum in Wales' screen industry. Stakeholders called for the Welsh Government to set out a clear strategy which will set the direction for the next ten years.

17. For instance, in their written evidence, Screen Alliance Wales praised the decision to place the creative industries in the economic division of the Government and set up a specialist creative sector team with expert knowledge. However, they went on to say:

“Recently however, there is a general perception that there is no clear strategy to address the needs of the TV & Film Industry. Projects have been funded randomly based on the profile of the company but not looking at long term sustainable legacy for Wales.”⁷

18. Owen Evans from S4C said:

“I think one of the things I've probably been looking forward to is working with the Government on what is the industrial strategy—rather than having what are very welcome but relatively passive investment vehicles, into, you know, ‘What is the structure for Wales?’ ... there are then questions about how we sustain the economy, how we sustain the industry and how we locate that industry.”⁸

19. Amanda Rees from S4C said that the strategy should make sure that funding processes are speedy and suited to the industry, set out how Wales' industry feeds

⁷ Screen Alliance Wales written evidence

⁸ CWLC meeting 24 May 2018, para 35

into the wider economy at a UK and international level and ensure equality of access for those trying to access funding.⁹

20. Rhodri Talfan Davies from the BBC commended the Welsh Government’s intervention in increasing infrastructure and capacity and said “But it is the skills and the people challenge that I think will be the critical one in terms of maintaining the momentum of recent years”.¹⁰

21. Many of those we spoke to wished to see the Welsh Government respond to the UK Government’s Creative Industries: Sector Deal, and set out a similar policy direction for Wales.

22. The UK Government set out its Creative Industries: Sector Deal¹¹ in March 2018. It is described as “an agreement between the government and industry concluded with the Creative Industries Council which seeks to unlock growth for creative businesses”.¹² It sets out key policies which aim to increase exports, sustain growth, boost jobs, make the industries more representative of UK society and narrow the gap between business in the south east of England and the rest of the UK.

23. Stakeholders commented on the comprehensiveness of the document. For instance, Rosina Robson from PACT said:

“I think we shouldn’t underestimate the fact that this is, really, the first time that the Government has, within an industrial strategy, recognised the creative industries as being a really important part ... I think we’d welcome the Welsh Government engaging with what’s on offer and promoting ... some of the very valuable pots of funding.”¹³

Moving from a Creative Industry Sector Panel to “Creative Wales”

24. The Welsh Government previously pursued a sectoral approach to economic development: it had 9 “priority sectors”, one of which was the creative industries. Each priority sector had a sector panel providing advice to the Welsh Government.

⁹ CWLC meeting 24 May 2018, para 37

¹⁰ CWLC meeting 24 May 2018, para 40

¹¹

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/695097/creative-industries-sector-deal-print.pdf

¹² www.gov.uk/government/publications/creative-industries-sector-deal

¹³ CWLC meeting 24 May 2018, para 246

The creative industries sector panel was chaired by Ron Jones, founder and executive chairman of media company Tinopolis.

25. In December 2017 the Cabinet Secretary gave the following update in a response to a WAQ:

“As part of the review of advisory bodies in my portfolio, discussions have taken place with chairs and members of a range of groups including Sector Panels and Enterprise Zone Boards. These are ongoing and will result in a number of groups either drawing to a close, undergoing transition to new forms or continuing according to the outcomes of the review. A number of groups including Sector Panels, will be replaced by an overarching Ministerial Advisory Board, which will be a tight, focussed group of individuals, providing strategic advice on economic development. I will be making further announcements on this and the broader advisory structure that will support it early in 2018.”

26. Membership of the Ministerial Advisory Board was announced in May 2018 and does not appear to have any representation from the creative industries.¹⁴

27. With regards to the move away from Sector Panels, stakeholders commented on the need to retain industry expertise. For instance, asked whether the Welsh Government would have enough in-house advice should the creative industries sector panel be scrapped, Bad Wolf’s Natasha Hale – who previous held a senior role in the Welsh Government’s creative industries team – said “definitely not”.¹⁵

28. Stakeholders also cautioned that any replacement for the Creative Industries Sector Panel should have a breadth of expertise. For instance, Simon Curtis from Equity said there was frustration that “Generally, the unions are excluded from any advisory panel”.¹⁶ Also, Luned Whelan from TAC called for “a contribution from producers who work currently so that there is a real overview of the industry”.¹⁷

Welsh Government evidence

29. In their written evidence, the Welsh Government wrote that since the creative industries was recognised as a priority sector for Welsh Government in

¹⁴ <https://gov.wales/newsroom/businessandconomy/2018/180521-new-economic-contract-for-businesses-seeking-welsh-government-support/?lang=en>

¹⁵ CWLC meeting 16 May 2018, para 363

¹⁶ CWLC meeting 6 June 2018, para 268

¹⁷ CWLC meeting 24 May 2018, para 298

2010, they have focussed on bringing high value film and TV to Wales through Welsh Government financial incentives, delivering the Pinewood collaboration through the Media Investment Budget and funding high value digital media projects. There was also a push to develop a range of studio facilities along the M4 corridor.

30. They describe the results:

“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. Last year (2017-18) we doubled the amount spent by WG-supported productions in Wales.”¹⁸

31. The Welsh Government writes that they recognise a change in strategy is needed:

“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 content and platforms, games and animation).”¹⁹

32. They intend to prioritise:

- 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.

33. The Welsh Government said that this will be achieved through “a discrete function called Creative Wales”. Which will provide “a more rounded approach

¹⁸ Welsh Government written evidence

¹⁹ Welsh Government written evidence

and ... bespoke support to aid business growth ... offering a streamlined, dynamic and innovative service to this sector”.²⁰

34. On 12 July 2018, the Minister for Culture, Tourism and Sport, Lord Dafydd Elis-Thomas said:

“I do believe that creating the new body, Creative Wales, within Government will give us an opportunity to rationalise what’s currently happening, as well as to take action in broader areas...”²¹

“The intention is that Creative Wales will have a board. There will be a chair recruited soon ... and a chief executive. The number of board members is yet to be determined.”²²

35. He also said that the “activity” of the Media Investment Panel and the Creative Industries Sector Panel will “transfer directly to Creative Wales”.²³ With regards to the budget, he said “we are creating within Government a body that will be inviting and appointing into Government people of substantial commercial and other experience in the sector to actually administer the budgets that I’ve been referring to—the investment budgets”.²⁴

Our view – a screen strategy for Wales

We have seen impressive growth in the screen industry in Wales. However, now that it is on a firm footing, the Welsh Government needs to assist the sector to take the next step.

Industry representatives told us there is an urgent need for Government to set out a strategic direction for Wales’ screen industry.

The Welsh Government has informed us of the intention to establish “Creative Wales” which they describe as a vehicle for improving networks, improving the skills supply chain, providing bespoke support for access to capital and helping businesses exploit their intellectual capital. Since the creation of this new body was announced in July 2018 there has been no more detail about how it will work, the Board members, the budget or the timetable for launching it. We are calling on the Welsh Government to give greater clarity on the operational and

²⁰ Welsh Government written evidence

²¹ CWLC meeting 12 July 2018, para 280

²² CWLC meeting 12 July 2018, para 281

²³ CWLC meeting 12 July 2018, para 286

²⁴ CWLC meeting 12 July 2018, para 301

strategic functions of Creative Wales. The Committee has heard from those working in the industry that they are in danger of losing opportunities without the information they need to apply for funding.

As designed, Creative Wales will provide a valuable support for individual companies, but it does not fulfil the strategic function which is called for.

The Welsh Government needs to decide on their vision for growing the screen industry for the next decade. They need to state their priorities and how they are intending to prioritise funding between support for productions, infrastructure, a skilled workforce, promoting Welsh content abroad and developing an indigenous screen industry.

Providing clarity of vision will enable all stakeholders to align their business models and priorities to enable them to take advantage of the Welsh offer of support.

As a first step, we are calling on the Welsh Government to respond formally to the UK Government's Creative Industry: Sector Deal document, detailing how Wales can take advantage of the Sector Deal.

We note the statement from the Deputy Minister on Creative Wales issued on 30 April 2019. However, it provides no more detail about governance, leadership and funding. Stakeholders are still in the dark about accessing support for projects. We will continue to pursue further information and urge the Welsh Government to progress work in this area as a matter of priority.

Recommendation 1. The Welsh Government should publish a strategy which sets out their vision of how Wales' screen industry can:

- be financially secure;
- develop small businesses to take advantage of larger scale productions;
- attract productions with a range of values and cultural diversity;
- support Welsh language and other distinctly Welsh productions with a view to increasing the visibility of Welsh language and culture on the international stage;
- take responsibility for identifying and mitigating skills gaps through formal and informal learning; and how work and learning opportunities will be promoted to ensure they can be accessed by a diverse talent pool.

Recommendation 2. The Welsh Government must ensure that Creative Wales:

- has a strong formal engagement with industry experts; including union representatives;
- is sufficiently resourced;
- is flexible enough to take informed risks and
- has a clear and transparent policy on funding.

Recommendation 3. The Welsh Government's Ministerial Advisory Board should include a representative of the creative industries.

4. Welsh Government financial support for the screen industry

Welsh Government funding has produced notable successes. However, there is frustration from those in the industry about the complexity of the application process for funding. There is a call for more direct, targeted funding for Welsh language productions and other distinctly Welsh content.

Complexity of applying for funding

36. The Committee held a workshop for those involved in the industry in March 2018. Stakeholders made the following points about the Welsh Government’s Media Investment Budget:

- The Welsh Government is struggling to spend it;
- The decision-making process is opaque;
- It is focused on financial return, and demands a high return-on-investment, so is very unlikely to provide funding for small independent producers.

37. Roger Williams from Joio, who received funding from the MIB, for bilingual crime drama BANG, described the process of applying for funding from the MIB as “a very drawn out process and incredibly frustrating”.²⁵ The distributors and lawyers involved in the production, he said, had “never come across a more restrictive deal”.²⁶ Severn Screen’s Ed Talfan – producer of bilingual crime drama Hinterland/Y Gwyll – said that the terms of the MIB were too “onerous” for other parties involved in financing his production, so he had been put off applying.²⁷

38. Pauline Burt, Chief Executive of Ffilm Cymru, spoke of film producers’ experiences of accessing funding from the MIB and the rigorous nature of the auditing process:

²⁵ Joio written evidence

²⁶ CWLC meeting 10 May 2018, para 131

²⁷ CWLC meeting 10 May 2018, para 130

“It’s quite a complex process is my understanding of it. It takes quite a long time for them to go through it, and it’s fairly administrative in its nature.”²⁸

Support for smaller and Welsh language productions

39. The Committee heard that there is a perception that Welsh language films are not commercially viable and it is therefore harder for them to get funding. Roger Williams from Joio said:

“When I first contacted Pinewood, for example, I was told that they probably wouldn’t provide funding to us because the project was in Welsh. The Welsh language wouldn’t be commercial.”²⁹

40. He went on to call for targeted funding for Welsh language films:

“The funding of S4C is frozen; there aren’t many people out there who want to invest in Welsh-language projects. It’s a reality. English-language projects have a far greater commercial value and that’s the reality of the situation. So, if we do want to ensure the quality of Welsh-language output, then I do think that a fund that looks specifically at programmes using the Welsh language would be extremely useful for people like me, who want to work through the medium of Welsh.”³⁰

41. He argued that the Welsh Government should be lobbying the UK Government for a greater focus on supporting minority languages through their funding and for “tax breaks for work that is in minority languages or in indigenous UK languages”. He said “I think that would be a tremendous help, especially in a state where S4C’s budget is frozen”.³¹

42. Catryn Rasamut from ie ie productions said that there is a need to be “internationally focussed” but “We need the Welsh Government support, especially if it’s in Welsh.... It is for the Welsh Government to support us in taking Wales to an international audience”.³²

43. For instance, Tom Ware from the University of South Wales said screen industries in particular have an “unquantifiable cultural expression” which makes

²⁸ CWLC meeting 18 April 2018, para 219

²⁹ CWLC meeting 10 May 2018, para 119

³⁰ CWLC meeting 10 May 2018, para 166

³¹ CWLC meeting 10 May 2018, para 84

³² CWLC meeting 10 May 2018, para 172

recouping investment “very difficult in many ways”.³³ He told the Committee that it was more difficult to fund Welsh language output. He also commented, that investment in Welsh language productions is overly reliant on S4C at a time when their budget is being cut.

44. Catryn Ramasut told the Committee of the need to access bigger budgets to enable Welsh language content to compete internationally. She said:

“I think it’s important that we’re all internationally focused as well... whilst BBC Wales and S4C want to create content... that can be shown on Netflix and Amazon and be bought internationally, that brings with it a much higher price tag in terms of production ... you have to be spending over £1 million, but the type of productions that we’re making are still expected to compete in an international market ... on a third of the budget...”³⁴

The need for support for an indigenous screen industry

45. Witnesses questioned whether the Welsh Government is doing enough to grow Wales’ indigenous screen industry. Pauline Burt told the Committee that the “commercially geared” MIB “is more naturally geared at large-scale and long-running productions and inward investments” rather than building Wales’ screen sector from the ground up.³⁵

46. Film producers were concerned that there was a false perception that cultural films and large productions were at opposite ends of the funding spectrum. Michael Gubbins, Chair of Ffilm Cymru, said:

“What I worry about is the attitude that ‘We do the small cultural stuff and film is this big business over here.’... Those of us who work in the business on an international level—that’s not the way it works.”³⁶

47. He argued that inward investment should be geared towards ensuring “small businesses are able to grow and we’re able to develop their work on an international basis that then pushes them up the ladder”.³⁷

³³ CWLC meeting 10 May 2018, para 373

³⁴ CWLC meeting 10 May 2018, para 171

³⁵ Ffilm Cymru written evidence

³⁶ CWLC meeting 10 May 2018, para 212

³⁷ CWLC meeting 10 May 2018, para 212

48. Jane Tranter, from Bad Wolf, agreed that there is a “gap in the middle” which should be addressed:

“We have to ensure that if there is a genuine appetite there to grow film and television in Wales, then you have to do it from the bottom up. You have to employ some kind of top bits in order to grow from the bottom up and create the ecology in the first place.”³⁸

49. The Committee has heard a number of suggestions as to how the Welsh Government should better support the local screen industry. Tom Ware, has argued for a change in strategy to achieve this growth, he said: “So, the strategy, as was, was incredibly successful at bringing in inward investment, I think, and should be acclaimed for that, but has been much less successful at super-sizing and supporting indigenous production companies within Wales to step up”.³⁹

50. Wales-based production companies “Truth Department” and “ie ie Productions” called for the Welsh Government to provide funding for smaller productions than those able to apply to the MIB, based on their cultural as well as their economic value.

51. Ron Jones, Chairman of Tinopolis and member of the Media Investment Panel, said:

“I’m not convinced that the entire cultural remit can be met by the economics brief, and I think there is a gap at the moment in the funding made available ... that ensures that we don’t miss out on the opportunity to do those things that we need to do for cultural reasons, not for economic. Now, I believe that the linkage between culture and economy is actually quite a close one, and you can get advantages from Government subsidy of any culture. I don’t think we’ve got the balance right. But, you know, what is economic and what is culture? Bear in mind that most of what’s been achieved in Wales or in the UK in the creative industries is fundamentally as a result of Government interference and Government policy.”⁴⁰

52. Others – such as Paul Higgins from Dragon DI and Ed Talfan from Severn Screen – raised the question as to whether a condition should be attached to public funding that large production companies in receipt of public funding

³⁸ CWLC meeting 16 May 2018, para 353

³⁹ CWLC meeting 10 May 2018, para 338

⁴⁰ CWLC meeting 20 June 2018, para 47

should have to enter into co-production agreements with smaller, local production companies.

53. Actor Julian Lewis Jones and director Euros Lyn suggested that public funding should be conditional on employing Wales-based cast or senior crew members.

Welsh Government evidence

54. The Welsh Government's written evidence states:

"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...

Production Projects that receive grant funding [from Business Finance / Wales Screen Fund] are expected to spend a significant amount of money on local suppliers, cast, crew and facilities i.e. 'Welsh spend'...

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 expenditure."⁴¹

55. It goes on to say that 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."

56. The Welsh Government states that, since 2011, the Welsh Government – alongside S4C – has supported 14 Welsh language productions, "with associated funding being offered in excess of £2.3 million".

57. When questioned, at the meeting on 20 June, about whether the Welsh Government does enough to provide support for productions based on cultural

⁴¹ 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.

merit rather than economic return, the Cabinet Secretary for Economy, Infrastructure and Investment, Ken Skates, said:

“how do you bridge the gap between official art, the subsidised arts, which are often associated with a high level of cultural value, and commercial arts, which can be universally culturally acceptable, often global, which are associated with a lower degree of cultural value, but which appeal, perhaps, to a more global audience? ... That’s a real key question, I think, at the moment, and although academics have been deliberating over this for some time, I’m not sure that politicians have.”⁴²

58. At the same meeting, the Minister for Culture, Tourism and Sport, Dafydd Elis-Thomas, said:

“But I don’t accept that there is a distinction between the cultural and the material in these matters. We’re dealing with businesses, we’re dealing with industries, but we are also dealing with a framework in which Government may invest in order to ensure that cultural objectives are being reached within the media sector in a way that generates business as well as generating an improved cultural product. The product is cultural, but the way it’s produced has to be commercial, whether it’s through direct investment from companies or capital raised on the market, or whether it’s through an element of Government support.”⁴³

Our View – Funding

The Committee would like to commend all those working in the film and major television production industry in Wales for raising the profile of the country through their hard work and creativity.

The progress made in this industry would not have been possible without Government support through financial investment.

The provision of financial support would now benefit from a wholesale review of its aims and objectives. The Committee heard that as well as supporting “marquee” productions with large budgets and headline grabbing talent, there is also room to support smaller, indigenous productions. Most importantly, it is vital to ensure that the support is also there for productions which grow our

⁴² CWLC meeting 20 June 2018, para 326

⁴³ CWLC meeting 20 June 2018, para 313

industry from the bottom up. We must ensure that talent and production expertise is not lost to Wales because there is no way for smaller companies to grow.

Welsh Government so far has focussed on attracting large-scale inward investment projects. Now we have the infrastructure and experience, we need to look at growing our indigenous industry.

Support for Welsh language productions

The Welsh Government's Welsh language strategy – Cymraeg 2050 – says “we need to enhance the place of Welsh in the world, and do more to celebrate Welsh as a key component of our contemporary culture”. We believe support for Welsh language films is a vital part of this effort.

The Welsh Government has no clear policy intent behind its funding of Welsh language films. We heard of the difficulties of accessing funding for Welsh language films. This can be due to the perception that the potential audience is not large enough to justify the investment or it could be due to the strength of the television productions which absorb available funding and talent.

We are clear that there is a cultural benefit to funding Welsh language films which outweighs the demands for a commercial return on investment. Welsh language films promote our country and establish our identity on a global stage. The uniqueness of our cultural offer cannot be quantified financially.

We are calling for the Welsh Government to support a clear, well-publicised, commitment to funding Welsh language films and promoting Welsh culture on an international level.

S4C have a critical role to play in the delivery of Welsh language films. With their experience and expertise they have greater capacity to make films than new entrants to the industry. We heard evidence that funding is available from the Department of Culture, Media and Sport to support minority language output. We will contact S4C to determine their priorities and timetable for commissioning Welsh language films, in particular, if they have accessed funding from the DCMS pot.

The need to support an indigenous industry

The Committee heard from producers that public funding is geared towards the two ends of the budget spectrum. We believe there is a need to target investment into sustaining an indigenous industry by growing smaller

companies. It was suggested that the Government should oblige larger productions to enter into co-productions with Wales-based companies as a condition of funding.

The Committee heard of the need to ensure that Wales receives a cultural as well as a commercial dividend on public investment. When the Cabinet Secretary for Economy, Infrastructure and Skills came to our meeting he made a valid point about the difficulty of classifying productions as “cultural” or “commercial” and argued that both have a value. However, for those seeking funding, there is the perception that the funding available is either for big budget productions or smaller, less commercial productions. This influences how producers target their applications, and in turn, how those applications are assessed.

Supporting indigenous production companies both grows sustainable local industry and hopefully increases the number of distinctly Welsh productions being made.

There should be more flexibility in the Welsh Government’s funding process. Funding awards should allow for productions which are not necessarily geared towards large financial returns. In this way, the industry can nurture smaller companies to fulfil their potential and sustain a long-term screen industry in Wales.

In order to develop our indigenous screen industry, we are calling for greater clarity on what is considered “Welsh spend”. We are keen to ensure Wales-based companies are benefitting from public funding. We are offering a definition of “Welsh spend” which includes a requirement that the definition of local suppliers, cast, crew and facilities are those registered and based in Wales.

We would like to know how realistic it would be to mandate co-productions with Wales-based companies as a condition of providing funding for larger productions.

The complexity of accessing funding

Those with direct experience of applying for funding spoke of their frustration about the length of time it took and the high rate of return required to access funding. Understandably, there are robust due diligence checks necessary to safeguard public funding. However, the industry is dynamic and the stakeholders we heard from spoke about the prospect of Wales missing out on opportunities due to the perception of an overly onerous funding procedure.

In the same way as there should be flexibility in the size of funding awards, there should be a “scalable” application process. The risk of losing out on productions because of an overly complicated application procedure must also be considered alongside the due diligence process.

Recommendation 4. The Welsh Government should explore a scalable funding model which allows for productions of all sizes.

Recommendation 5. The Welsh Government’s funding policy should be designed to build a sustainable Welsh screen industry. This includes exploring the option for requiring funding recipients to enter into co-production agreements with Welsh companies. The requirement to spend at least 35% of the “below the line” production budget on local suppliers, cast, crew and facilities should apply to businesses registered and based in Wales.

Recommendation 6. The Welsh Government should explore a simpler model for funding applications which is attractive to producers and co-investors and meets due diligence requirements.

Recommendation 7. The Welsh Government should set out a clearer funding policy on Welsh language productions which should be aligned to the [Cymraeg 2050 strategy](#).

Recommendation 8. S4C should set out their priorities for commissioning Welsh language films and how they have accessed all available funding to do so.

5. Skills

A skilled workforce is essential to fulfilling the potential of our developing screen industry. We need to ensure young people know about, are attracted to and have access to jobs in the industry to fully realise the benefits of the inward investment into Wales.

Ensuring Wales has the skills to support the industry

59. The Committee has heard from witnesses potentially the biggest factor restricting growth in the screen industries in Wales is a skills shortage. Director of BBC Cymru Wales, Rhodri Talfan Davies, noted the scale of the opportunity. He said:

“Because of the growth in high-end television across the world, because of the emergence of new players like Amazon and Apple and Netflix, the demand for high-end television skills is at an unprecedented level.”⁴⁴

60. Natasha Hale, from Bad Wolf, warned the Committee, “if we keep growing too much without developing our talent and our skills, we will stop being able to deliver for the industry”.⁴⁵ Gareth Williams, from TAC, said “inevitably, there will be a time where at some point in that chain there will be a shortage of skills, and so it’s crucial that we should actually deal with that now in order to ensure that we don’t see fewer productions coming to Wales in the future. We want to see it growing”.⁴⁶

61. ITV Cymru Wales’s consultation response stated “we note the demise of Skillset Cymru and the risk of a strategy and funding gap emerging in the critically important areas of sector data mapping, research and development and skills development”.⁴⁷

62. The Committee heard that the closure of Creative Skillset Cymru will have a negatively affect the training and work opportunities for those seeking to enter

⁴⁴ CWLC meeting 24 May 2018, para 24

⁴⁵ CWLC meeting 16 May 2018, para 216

⁴⁶ CWLC meeting 24 May 2018, para 315

⁴⁷ ITV Wales written evidence

the industry. Faye Hannah, who was interim Wales director of Creative Skillset between 2010 and 2014, described the closure of Creative Skillset Cymru and its impact as follows:

“In 2015, Creative Skillset Cymru (after 13 years of presence) ceased to exist in Wales ... Since 2015, screen industries in Wales have experienced a gap in terms of the challenge of joining up, funding and supporting the skills development and the talent pipeline across the board. This has specifically impacted independent production companies and freelance individuals in terms of targeting support where industry say it is most needed.”⁴⁸

63. Ffilm Cymru stated in its consultation response that “there is a strong argument for reinstating a more focused screen sector training panel” which is “independent of Welsh Government’s Media Investment or Creative Industries panel”. They go on to say “as the sector matures, demand is growing for improved business support and high-level company training”.⁴⁹

64. The Committee was told that in an effort to promote work experience and training opportunities, Screen Alliance Wales has been set up. It is a not for profit company created by production company Bad Wolf. It aims to draw together public and private bodies to educate, train and promote TV crew and infrastructure across Wales.⁵⁰

65. The Committee attended a film screening at Chapter Arts Centre in Cardiff showing work by pupils from Ysgol Treganna. This included the premiere of a short film produced by Year 5's students as part of the Lead Creative Schools project, titled “The End of the World” and also showed how film is used in the classroom to engage and enthuse pupils. Members were deeply impressed by the quality of the work they saw, and the range of skills and knowledge pupils demonstrated through their work with Into Film Cymru. This work showed the capacity for pupils to learn skills at school that will pave the way for a career in the creative industries, but also how film can be used to enhance their learning across the curriculum.

⁴⁸ Our CoLab written evidence

⁴⁹ Ffilm Cymru written evidence

⁵⁰ www.screenalliancewales.com/about-us/

The need for workforce data

66. The Committee heard that there is a lack of data on the workforce. For instance, Dr Noonan, from Cardiff University, stated that “it is clear that there is a knowledge gap around the creative labour market in Wales”.⁵¹ Also, Luned Whelan from TAC, said, “TAC is working with S4C on a long-term training programme to restore the skills where we have identified gaps. We’ve carried out research among our members, but we can’t find any meaningful statistics from the industry specific to Wales”.⁵²

67. The scale of any skills shortage is unknown. Dr Ruth McElroy of University of South Wales explained that “one of the big problems is that we haven’t got good baseline data”.⁵³ Faye Hannah stated “there is a knowledge gap in terms of understanding clearly the demographic and needs of the screen sector in Wales”.⁵⁴

Training opportunities

68. The Committee heard about the ways in which “on the job” training is provided. For instance, BFI Film Hub Wales wrote “there are multiple offers available in Wales to new talent from the BFI Welsh Talent Network to TAC, It’s My Shout and Cult Cymru. IntoFilm and Universities such as South Wales are also working to address the lack of film education provision in schools and higher education environments”.⁵⁵

69. BAFTA Cymru notes the range of “interventions for skills development” it runs, including masterclasses with award winners at Welsh Universities and Colleges; talks on career progression from leading producers, actors, writers and directors, commissioners panels with international channels, Film Festival partnerships to encourage people of all backgrounds to consider careers in the industry and more.⁵⁶

70. A number of witnesses have called for a strategic investment in skills to enable Wales to capitalise on predicted growth in the screen sector in the UK. Natasha Hale from Bad Wolf called for the Welsh Government to match-fund

⁵¹ Cardiff University written evidence

⁵² CWLC meeting 24 May 2018, para 312

⁵³ CWLC meeting 10 May 2018, para 384

⁵⁴ Our CoLab written evidence

⁵⁵ BFI Film Hub Wales written evidence

⁵⁶ BAFTA Cymru written evidence

traineeships. She said that “at least £95,000 of every production using our facilities will be spent on training and apprenticeships, delivered through Screen Alliance Wales”.⁵⁷

71. There is evidence that on the job training is an efficient way to learn but that information about training opportunities is hard to come by. Rhiannon Hughes from the youth film festival, Wicked Wales, told the Committee she intended to start an online newsletter to provide information for young people, to address the lack of information, particularly for those in North Wales. Tom Ware from the University of South Wales talked about their work placements and also commented on their student intake:

“Our undergraduate courses and our students tend to overwhelmingly come from a fairly narrow demographic area. They come from south-east Wales, but also south-west England and the west midlands—that effectively is our core area for student recruitment.”⁵⁸

72. We heard of the difficulty some employers had encountered with offering apprenticeships due to the short term nature of many productions. Rosina Robson from PACT explained the difficulty:

“not only is the apprenticeship levy very tricky from a production sector point of view, because of the way productions are managed—as they might only last for six months, it’s very difficult for a production company to, within the framework of the apprenticeship levy, provide an experience that’s appropriate and in line with what the levy requires and what the conditions of the levy require. I think there are also additional issues in Wales, because of the devolved aspects of apprenticeships and education. So, I think, maybe, there are some issues there that, perhaps, the Welsh Government can support and continue to work on.”⁵⁹

Providing local casting opportunities

73. The Committee heard that there is considerable frustration that casting sessions for major productions filmed in Wales are most often held in London. For instance, Simon Curtis from Equity told the Committee that auditions are held in London because often casting has to take place to short deadlines. He noted that

⁵⁷ Bad Wolf written evidence

⁵⁸ CWLC meeting 10 May 2018, para 294

⁵⁹ CWLC meeting 24 May 2018, para 324

it is expensive and time consuming for actors from Wales to travel. He said Equity members wanted “local casting, the ability to be seen for a production that’s being made here and, I suppose, more importantly, being funded from here”.⁶⁰ He called for conditions to be attached to funding, he wrote:

“We are therefore looking for a condition of investment to be that Local talent is given an opportunity to audition and for that audition to be held in the area of the production base.”⁶¹

74. The Committee heard that there may be difficulties in specifying a quota for on-screen talent in the same way as there is a requirement for 35 % of those employed in “below the line” occupations to be hired locally. In response to the question from Siân Gwenllian AM “should there be a quota introduced on productions based in Wales—that they have to take on a certain number of Welsh actors to get the grant funding from Government?”, Simon Curtis said:

“So, I don’t think an on-screen quota would work, necessarily, because it’s putting a restriction. I think if you’re looking at it from a perspective of a quota as to how many casting sessions they hold in the production base—. It is slightly farcical when we get reports of our members on a train to London, they meet up with each other, they find that there are 20 of their friends on the same train, and they find they’re going to the same casting to meet one person, and they’re all coming from a specific area. It’s difficult. It has an economic impact as well, because obviously they’re having to fund that travel, and that provides another barrier.”⁶²

Welsh Government Evidence

75. The Cabinet Secretary’s evidence written stated:

“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.”

⁶⁰ CWLC meeting 6 June 2018, para 221

⁶¹ Equity written evidence

⁶² CWLC meeting 6 June 2018, para 233

76. It goes on to list a number of skills interventions, including funding placements on the set of “Da Vinci’s Demons” and working relationships with educational institutions. It then notes that:

“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.”

77. The Minsiter told Committee that Creative Wales will have a role in developing skills:

“Discussions have started with Creative Skillset UK and others to see how we can collaborate, to identify where the weaknesses lie in terms of securing a sufficient flow of people who have the ability to work in this industry.”⁶³

78. In response to a question about Creative Wales’ role in addressing skills gaps, his official said:

“we will have people on the ground helping to map, working with people like Screen Alliance Wales, mapping the provision, working out where the gaps are, and then working really closely with the colleges—the FE colleges and the HE colleges—and also, where we haven’t got people delivering what we need to deliver, helping to put structures in place to do that as well. You will know that one of the main ways of learning in film and tv in particular is on the job, and it’s very difficult to have apprenticeships because the productions don’t often run long enough for them to do that. So, it’s looking at different structures for things like that, and how we can better improve that and get more people upskilled in the industry, so that it will absolutely focus on that.”⁶⁴

Our View – Skills

There is a danger of losing momentum if we do not have sufficient skilled workers to support our growing screen industry.

We heard many examples of good practice, such as major productions offering training opportunities and mentoring. For instance, the industry funds “It’s my shout” to offer opportunities in film production for young people. However,

⁶³ CWLC meeting 12 July 2018, para 284

⁶⁴ CWLC meeting 12 July 2018, para 311

these are unpaid and we would like to see a greater emphasis on apprenticeships being delivered through productions supported by public funding. We noted the difficulties of providing apprenticeships through the Government's modern apprenticeships scheme and its intention to attempt to solve them. Given the levels of funding being invested in the screen industry and the requirements for production companies in receipt of public funding to provide on-the-job training, it must surely be possible to overcome the difficulties associated with endorsing shorter work placements to ensure that modern apprenticeships can be offered in film productions.

Skills strategy

The Cabinet Secretary told us that the Welsh Government has begun work to "identify where the weaknesses lie" in terms of workforce availability. We are calling for them to go further and include the requirement for drawing up a skills strategy in the terms of reference of Creative Wales. This strategy should give accurate data on our current workforce; identify skills shortages and work with providers to provide training and work experience opportunities.

Casting opportunities

We have the skilled workforce to support major productions, both on-screen and in "below the line" roles. However, if casting directors are not required to hold local auditions, then this forces actors to make time-consuming and expensive journeys to London. We want the balance of opportunities to be spread wider than South East England, especially if public money is supporting the production. We are recommending that productions which are in receipt of funding from the Welsh Government are required to hold at least one local audition.

We are also calling for the Welsh Government to use the expertise they have in the industry to investigate how feasible it would be to require an on-screen quota for Welsh actors as part of their funding offer.

Recommendation 9. The Welsh Government should require Creative Wales to draw up a skills strategy which:

- provides information on the skilled workforce in Wales' screen industry;
- audits the training and work placements being offered at all levels of education, including schools;
- identifies how skills gaps will be filled and

- seeks input from unions and employers on the future skills needs of the industry.

Recommendation 10. The Welsh Government should ensure that funding for major productions includes requirements to hold at least one local audition.

Recommendation 11. The Welsh Government should investigate the feasibility of introducing a quota for local on-screen talent for companies in receipt of funding.

Recommendation 12. The Welsh Government should clarify how their apprenticeship schemes can be utilised by the screen industry.

6. Film festivals

Film festivals are a vital part of our screen industry. They not only allow us to showcase our talent and culture internationally, but also provide important social and cultural outreach activities to widen the cultural impact of Wales' screen industry.

79. The Committee heard how important it is for film makers to be able to attend foreign film festivals to promote Welsh productions and network with others. For instance, Gareth Williams of TAC said:

“members have contacted us, thanking us for the support that they've had in terms of the costs of accessing those markets, travel costs, registration costs. ... I think it's crucially important that creative talent can access the markets, because it's in those places very often that they meet producers and distributors, and can then start to put deals together.”⁶⁵

80. Stakeholders highlighted the value of the funding available to cover travel costs for industry representatives to attend film festivals abroad. For instance, Lacey Small from the Wicked Wales youth film festival said that the bursary provided by the BFI for her to attend events in London was much appreciated but only covered 50% of her costs. She commented that such expenses are prohibitive to most young people.⁶⁶ Luned Whelan from TAC, which represents producers, said:

“A number of members that are established companies for a number of years used to have assistance to go to markets ... but that has come to an end. Many of the smaller companies ... have found that that has been a barrier to them.”⁶⁷

81. The Committee also heard of the social and educational value of film festivals beyond the cultural value of screening films. For instance, Berwyn Rowlands from the IRIS prize festival gave an example of their outreach work:

⁶⁵ CWLC meeting 24 May 2018, para 255

⁶⁶ CWLC meeting 24 May 2018, para 478

⁶⁷ CWLC meeting 24 May 2018, para 289

“we had 130 women from the Women’s Institute Birchgrove, as part of a scheme where we go out to communities in Wales and ask people to use film and Iris’s archive to create small film festivals for themselves.”⁶⁸

82. Public funding for festivals is critical to their success. The Committee was told that it provides the basis for attracting and maintaining corporate sponsorship. Both the Cardiff International Film Festival and the IRIS prize festival received funding from the Welsh Government’s Major Events Budget. Berwyn Rowlands highlighted the commitment shown by the local authority to funding the IRIS prize festival and the difficulties local authorities have with supporting cultural activities due to cutbacks.⁶⁹

83. Rahil Sayed, Chief Executive of the Cardiff International Film Festival, agreed that initial funding from the Welsh Government was vital to attracting corporate sponsors. He said:

“I think there’s definitely a strong appetite from corporates to fund international events, definitely ... you have to have that infrastructure, backbone funding, and that will help you elevate to the next level. The risk is that if your backbone funding is taken off then you don’t have the resources to invest, to reach out to the corporate sponsors.”⁷⁰

84. Rhiannon Hughes, Director of the Wicked Wales youth film festival, emphasised the educational and social value of the festival is as important as the platform they provide for showcasing Welsh films internationally. She pointed out that the work done by Wicked Wales aligns with the Welsh Government aims of developing young people and supporting business but falls through the funding gaps. She said:

“We are not quite education because we are working with but outside of the learning institutions, we are not quite tourism even though we have brought over 50 international guests to Wales over the last couple of years and taken the Welsh flag and brochures to 9 other Countries, we are not quite regeneration but we could be.”⁷¹

⁶⁸ CWLC meeting 6 June 2018, para 11

⁶⁹ CWLC meeting 6 June 2018, para 75

⁷⁰ CWLC meeting 6 June 2018, para 171

⁷¹ CWLC meeting 24 May 2018, para 498

Our View – Film festivals

Festivals are a vital part of the screen industry in Wales. They not only allow for showcasing Welsh culture internationally, but they carry out local educational and outreach work, connecting with the audience and allowing them a unique chance to input into the film industry.

This work requires financial support. We were told that the Welsh Government has provided funding through the Major Events budget for the IRIS prize festival and the Cardiff International Film Festival. However, there are smaller scale events, such as the Wicked Wales youth film festival which cannot easily access funding because their work is designed around projects rather than a single event.

A funding stream for supporting film festivals would provide assurances that the efforts to start and maintain this vital cultural activity would continue in the event of a shortage of corporate sponsorship. It would not replace private finance for such initiatives, in this way they can maintain their independence and financial viability.

Provision of bursaries to attend foreign film festivals would allow the promotion of our Welsh screen industry to be seen more widely. Increasing the visibility of Wales on the world stage is as important in supporting the screen industry as supporting productions in Wales. Attendance at film festivals also gives those involved in film-making a valuable opportunity to network and explore further financing and co-production opportunities.

The Welsh Government can, and should, take a more active role to promote our screen industry internationally. They should ensure that those in the Welsh screen industries can use Welsh Government international trade missions to network and showcase their productions.

Recommendation 13. The Welsh Government should provide appropriate funding to support film festivals in Wales via a dedicated funding stream. This funding should be widely promoted and should include bursaries for film makers from Wales to attend international film festivals.

Recommendation 14. The Welsh Government should publish set criteria for the outcomes they are supporting when providing funding for film festivals.

Recommendation 15. The Welsh Government should ensure those working in the screen industries are included in international trade missions and take every opportunity to promote our industry internationally.

7. Welsh Government support for film studios

85. During the inquiry, the Committee explored issues relating to the Welsh Government's relationship with Pinewood Studios. The Committee then asked the National Assembly for Wales Public Accounts Committee to look into the contract between the Welsh Government and Pinewood Studios in more detail. For completeness, the work carried out is set out here.

86. The Welsh Government has provided funding for film and television studios in Wales, including Wolf Studios Wales in Cardiff and Pinewood Studio Wales. Pinewood Studio Wales is run by the Pinewood company under a management services agreement in a Welsh Government-owned warehouse in Wentloog.

87. The Auditor General published a facts-only report looking at the Welsh Government's relationship with Pinewood on 12 June 2018. This followed interest in the matter from a number of Assembly Members, including members of this Committee. Some Assembly Members had asked the Welsh Government for information about the nature of the relationship but had failed to receive the full disclosure they had wanted. The relationship is summarised as follows.

88. In 2014, the Welsh Government purchased the former Energy Centre site at Wentloog, near Cardiff to develop as a film and TV studio in collaboration with Pinewood Shepperton Limited. Shortly afterwards, Welsh Government Ministers entered into a "Collaboration Agreement" with two newly established subsidiary companies of Pinewood. The agreement involved the Welsh Government:

- leasing the Wentloog studio to Pinewood;
- establishing a £30 million Media Investment Budget (for which Pinewood would source productions suitable for Welsh Government investment); and
- sponsoring Pinewood to market and promote both the studio and the investment budget.

89. However, the Media Investment Budget's performance did not meet the Welsh Government's expectations and Pinewood Studios Wales was unable to operate the studio as a going concern without the support of Pinewood Group Limited.

90. In October 2017, the Welsh Government terminated its Lease and Collaboration Agreement with Pinewood, and Pinewood ceased to have any

involvement with the Media Investment Budget. The Welsh Government and Pinewood entered into a new “Management Services Agreement” on 1 November 2017 for the operation of the Wentloog studio facilities.

91. The Auditor General’s report was published at the time when the Committee was nearing the end of its inquiry into film and major television production in Wales. The Welsh Government’s relationship with Pinewood is a key part of its support for this industry, and the Auditor General’s report was considered as part of this wider Committee inquiry.

92. The Chair of the Committee wrote to the Public Accounts Committee of the National Assembly for Wales (PAC) on 28 September 2018⁷² setting out areas the Committee felt merited further scrutiny. The PAC took evidence from Welsh Government Officials on 5 November 2018 using the opportunity to:

- explore the key issues set out in the Auditor General’s June 2018 report on the Welsh Government’s relationship with Pinewood; and
- examine the specific concerns raised about this relationship by the CWLC Committee.

93. The Public Accounts Committee has published the report of its findings on 18 February 2019.

Our View – Welsh Government support for film studios – Transparency

We are frustrated that it took a report from the Wales Audit Office to reveal the nature of the relationship between the Welsh Government and Pinewood. Commercial confidentiality appears to have been used too readily by the Welsh Government to avoid scrutiny of a situation which, it has now conceded, does not represent good value for money.

Because the Auditor General’s report, contained “facts only”, and so does not contain any recommendations, the Committee awaits the Welsh Government’s response to the Public Accounts Committee’s report on its relationship with Pinewood. This will help to answer some of the serious concerns the Committee had about the lack of transparency the Welsh Government showed in this matter and the readiness showed to accept over-optimistic estimates of return on investment from Pinewood.

⁷² Letter from the Chair of the CWLC Committee, 28 September 2018, Welsh Language and Communications (CWLC) Committee, 28 September 2018

We accept that the responsibility for Government's dealings with Pinewood took place before the Minister for Culture, Tourism and Sport came into post. However, Members were frustrated that Lord Elis-Thomas AM appeared to be unwilling to answer questions about Pinewood in detail at the meeting of 12 July 2018.

Recommendation 16. We recommend the Welsh Government provides greater clarity and transparency in its communication with the Committees of the National Assembly for Wales when discussing commercial ventures similar to the agreement with Pinewood in future.

Recommendation 17. The Welsh Government should update the Committee with:

- the latest figures for spending and return on investment from the Media Investment Budget;
- the rental income being received from Bad Wolf and how it compares with any ongoing costs incurred by the Welsh Government, and
- whether the Wentloog site is now operating at a profit to the Welsh Government or not.

8. Next Steps

Since this inquiry concluded it has been announced that Bad Wolf production company will be leasing Pinewood Studios Wales in Cardiff from the Welsh Government.

This inquiry has highlighted the huge amount of progress for our screen industries in the past decade. We are grateful to all those who took part and thank them for their patience in awaiting the report.

The Committee heard from over 30 organisations and individuals involved in delivering, supporting and promoting Welsh film and major television productions. However, there are topics which we were not able to cover, such as online streaming. The Committee will be revisiting the recommendations in this report and addressing these other topics in the Autumn of 2019.

The Committee is recommending actions for the Welsh Government and S4C, but we also recognise that there are many other organisations which support and promote our screen industries. They will also be part of the review in Autumn 2019. In particular, the Committee will be seeking greater input from the UK Government for more detail on the ways in which their policies for the UK creative industries apply to Wales.

Annex A

The Culture, Welsh Language and Communications Committee took oral evidence from the following individuals and organisations.

Transcripts and videos of the meetings can be found on our website:

Date	Name and Organisation
18 April 2018	Pauline Burt, Chief Executive, Ffilm Cymru Michael Gubbins, Chair, Ffilm Cymru Phil George, Chair, Arts Council for Wales
10 May 2018	Ed Talfan, Producer-Director, Severn Screen Dewi Gregory, Producer, Truth Department Catryn Ramasut, Producer, Managing Director, ie ie Productions Roger Williams, Director, Joio Dr Ruth McElroy, Professor of Creative Industries, University of South Wales Faye Hannah, Director, OurCOLAB Tom Ware, Head of Film and Television School, University of South Wales Dr Caitriona Noonan, Lecturer in Media and Communications, Cardiff University Angharad Mair, Chair, Bafta Cymru Sally Griffith, Director of Film and Cinema, Chapter Hana Lewis, Strategic Manager, Film Hub Wales Euros Lyn, Director Julian Lewis Jones, Actor
16 May 2018	Paul Higgins, Chairman, Dragon Digital Limited Andrew M. Smith, Corporate Affairs Director, Pinewood Group Ltd Jane Tranter, Founder, Bad Wolf Natasha Hale, Chief Operating Officer, Bad Wolf
24 May 2018	Rhodri Talfan Davies, Director, BBC Cymru Wales Simon Winstone, Head of Drama, BBC Studios Owen Evans, Chief Executive, S4C Amanda Rees, Creative Director of Content, S4C Gareth Williams, Chair, TAC

	<p>Lluned Whelan, Executive Manager, TAC Rosina Robson, Director of Nations and Regions, PACT Gillane Seaborne, elected representative in Wales, PACT Anwen Griffiths, Business Affairs Manager, British Film Institute Jack Powell, Senior Policy Analyst, British Film Institute Rhiannon Hughes, Festival Director, Wicked Wales Lacey Small, Volunteer, Wicked Wales</p>
6 June 2018	<p>Steve Swindon, CEO, The Coastline Film Festival Kelvin Guy, CEO, Carmarthen Bay Film Festival Rahil Abbas Sayed, Festival Director, Cardiff International Film Festival Berwyn Rowlands, Festival Director, Iris Prize Iris Prize, Cardiff's International LGBT Short Film Prize Simon Curtis, National and Regional Organiser, Equity</p>
20 June 2018	<p>Ron Jones, Founder and Executive Chairman, Tinopolis Ken Skates AM, Cabinet Secretary for Economy and Transport, Welsh Government Dafydd Elis-Thomas AM, Minister for Culture, Tourism and Sport, Welsh Government Mick McGuire, Director of Business and Regions, Welsh Government Joedi Langley, Head of Creative Sector, Welsh Government</p>
12 July 2018	<p>Dafydd Elis-Thomas AM, Minister for Culture, Tourism and Sport, Welsh Government Mick McGuire, Director of Business and Regions, Welsh Government Joedi Langley, Head of Creative Sector, Welsh Government</p>

The Committee also undertook visits to Pinewood Studios on 2 May and schools on 4 July 2018.

Annex B

The following individuals and organisations provided written evidence to the inquiry:

Sgil Cymru
Sharon Morgan
Hijinx
Calon
Truth Department
Film Hub Wales
Helen O’Leary
Prof Steve Blandford
Rhiannon Hughes
ITV Cymru Wales
Writers’ Guild of Great Britain
David Ball
Pact
Ffilm Cymru Wales
Teledwyr Annibynnol Cymru
Bad Wolf
Rhondda Cynon Taf County Borough Council
Joio
Screen Alliance Wales
Equity
Catrin Lewis Defis
Cardiff University
Creative Skillset
Bafta Cymru
Arts Council of Wales
Into Film
BFI
BBC
Severn Screen
Our Colab
le ie productions
Dragon Digital
Screen Ireland
Welsh Government