



Response to House of Commons DCMS Select Committee inquiry on the Impact of Covid-19

June 2020

Introduction

1. TAC (Teledwyr Annibynnol Cymru) represents the independent television production sector in Wales. Our sector is a highly important element of the creative industries in Wales and the UK overall, providing economic, social and cultural benefits through supplying creative content. There are around 50 companies in the sector, ranging from sole traders to some of the leading players in the UK production industry. They produce content for the BBC, ITV, Channel 4, Channel 5 and Sky as well as other commercial broadcasters. They produce almost all of the original television and online media content for the Welsh-language broadcaster S4C, and a variety of radio productions for UK-wide networks.
2. In recent years, Wales' reputation as a centre of first-class drama production has grown significantly with productions such as *15 Days*, *Un Bore Mercher / Keeping Faith*, *Bang, Craith / Hidden* and *Y Gwyll / Hinterland*. Our sector also offers a great deal of expertise in genres such as factual documentary, children's programmes, sport and entertainment. Overseas programme and format sales have increased, and our members are also experienced in international co-productions.

Answers to Specific Committee Questions

What has been the immediate impact of Covid-19 on the sector?

3. As with all industries, the TV production sector has faced significant challenges due to the impact of Covid-19 and the introduction of necessary social distancing measures. Productions have been cancelled or postponed and a wide range of programme genres have been affected. These include live broadcast of sport and entertainment events. Current drama projects have been halted and it remains unclear when these will be able to resume filming due to the current social distancing restrictions. As a result of the current conditions, some production companies are concerned about cashflow and their ability to pay staff salaries and to employ freelance production talent in the medium and long term.
4. Effects on production businesses have been mixed. While some TAC member companies have been exploring the UK Government and Welsh Government support packages for businesses, not all TAC members are claiming support, particularly in the instance of furlough and CBILS,

because they are continuing to work. The recent S4C rapid commissioning round has been vital in this regard. Where production has been able to continue, S4C has been distributing letters to production companies working on such programmes to show if they are questioned about their purpose in travelling and working.

5. Prior to restrictions on working outside the home being eased, there was uncertainty regarding what types of production were possible. The UK Government Key Worker definition¹ regarding “journalists and broadcasters who are providing public service broadcasting” left some grey areas and appeared to exclude many other types of production, for example, factual and magazine programmes where filming could still be done whilst fully complying with the social distancing rules and guidelines.
6. Since the restrictions were eased, the focus has been on developing guidelines for safely carrying out TV and film production, and these have now been published and endorsed by TAC.
7. We have been grateful to S4C for establishing a clear commissioning plan during this period. Our members have adapted swiftly to producing topical content within the restrictions of the current lockdown period. These include a drama *Cyswllt mewn Covid* (*Contact with Covid*) about life in lockdown, *Syrjeri Amlwch*, a fixed-rig series examining a medical surgery based in Anglesey, *Priodas Pum Mil Dan Glo*, about a couple getting married during lockdown, *Babis Covid*, which will document the experience of childbirth in a time where families cannot get together to celebrate, and a Sunday morning *Oedfa*; a religious service for audiences at home. S4C continues to broadcast its daily flagship magazine programmes *Prynhawn Da* and *Heno* and its weekly agricultural series *Ffermio*, all of which reflect the current situation and provide valuable information, insight, comfort and entertainment to audiences. Efforts to continue to provide compelling content have paid off in terms of significantly improved overnight viewing figures for S4C.²
8. One interesting by-product of lockdown has been an uptake in those learning Welsh,³ and we hope this will have a long-term beneficial effect on the spread of the language and the growth of audiences for S4C and BBC Radio Cymru. A notable popular success has been the launch of a new series *Taith yr Iaith*, which follows a series of celebrities (with Carol Vorderman and Adrian Chiles among them) as they attempt to learn Welsh.

How effectively has the support provided by DCMS, other Government departments and arms-length bodies addressed the sector’s needs?

9. TAC has been kept up to date with developments regarding support for businesses and freelancers. We have had phone calls with ministers from both DCMS and Wales Office who have been keen to be briefed on the impacts on the sector in Wales.

¹ Guidance for schools, childcare providers, colleges and local authorities in England on maintaining educational provision. Cabinet Office/Department for Education, 20 Mar 2020 <https://www.gov.uk/government/publications/coronavirus-covid-19-maintaining-educational-provision/guidance-for-schools-colleges-and-local-authorities-on-maintaining-educational-provision> Accessed 21 Apr 2020

² Viewing figures for Welsh language television have shot up. Nation Cymru, 25 Apr 2020. <https://nation.cymru/culture/viewing-figures-for-welsh-language-television-have-shot-up-and-theres-plenty-to-enjoy/> accessed 27 Apr 2020

³ Learning Welsh proving popular during lockdown. Wales247, 20 Apr 2020. <https://www.wales247.co.uk/learning-welsh-proving-popular-during-lockdown/>. Accessed 21 Apr 2020

10. In turn, TAC has kept its members up to date with the various support schemes available from UK government, including the Coronavirus Business Interruption Loan Scheme, Job Retention, Bounce Back Loans and VAT Deferral. In addition, there are Welsh Government support schemes including: Business Rates Relief; Creative Wales' Emergency Development Fund (TV); Creative Wales' Digital Projects Emergency Fund; the Economic Resilience Fund and a Small Business Grant (available via local councils for businesses which have properties eligible for Small Business Rates Relief).
11. There is also some additional development money available for independent production companies in the nations and regions via the BBC's Small Indies Fund, originally set up with a budget of £1m but now with a budget of £2m.
12. To prepare our response to this inquiry, TAC sought views from member companies on the different schemes available. We contacted them between 20 and 24 April 2020. We found that all the above schemes had been applied for by at least one of our member companies, with the two most popular being the Welsh Government Business Rates Relief Scheme and Small Business Grant. The companies were surveyed prior to the Government announcing the Bounce Back Loans scheme on 27 April 2020.
13. The members surveyed found the easiest schemes to access included the UK Government VAT Deferral Scheme, the Welsh Government Business Rates Relief Scheme and the Small Business Grant. Members found the Job Retention Scheme more difficult to negotiate due to frequent changes in guidance, while access to the CBILS was found to be 'straightforward but admin-heavy'.
14. Despite all of these schemes, there are concerns about the freelancer base upon which the industry is heavily reliant. While the Government's scheme for freelancers has offered some income protection for certain groups, there are still gaps in the provision. For example, producers and freelancers who set up their own limited companies and pay themselves through dividends are not currently covered, nor are those freelancers who are paid by PAYE and are taxed at source. TAC has raised this issue directly with ministers both in the Wales Office and DCMS, and we have supported the work of the Creative Industries Federation, of which TAC is a member, to develop a model with UK Government that can include these freelancers within its support.

What will the likely long-term impacts of Covid-19 be on the sector, and what support is needed to deal with those?

15. While it is becoming clearer that in general things will take a very long time to get back to 'normal', it is equally important for the government to get the UK working again where it can, and for people to feel that society is stable in the wake of the crisis. The creative industries are at the heart of the recovery, both economic and societal. Ofcom research shows that the 'traditional' broadcasters remain the most trusted source of information, and social media and closed groups the least trusted. At the same time, an increasing number of people are 'trying to avoid news about Coronavirus.'⁴ This shows the importance of a continuing pipeline of content

⁴ Covid-19 news consumption: weeks one to three findings. Ofcom, 21 Apr 2020, p.5. (This research is being updated by Ofcom on a weekly basis)

that gives people both comfort and distraction away from the crisis, but that also provides information in a way that is accurate without necessarily being presented in the style of news.

16. A fresh wave of content on the PSB and commercial channels will therefore be important. TAC and S4C have endorsed the industry guidelines drawn up to allow continuation and resumption of TV production.⁵ In tandem with this, production companies are following Welsh Government advice as restrictions are gradually eased.
17. Continued investment in maintaining the production sector's skills base is crucial. TAC and S4C have an established partnership providing a training programme to the sector, and we have adapted the 2020 programme to offer online courses and workshops to our members and freelancers, including how to produce content safely during the period of the social restrictions, in order to provide additional support.

What lessons can be learnt from how DCMS, arms-length bodies and the sector have dealt with Covid-19?

18. DCMS has been communicative and TAC has had direct conversations with the Minister for Media on the impact of Covid-19. However, it is regrettable that to date HM Treasury has not extended its financial support schemes to cover all limited company owners, as detailed above.
19. The independent TV production sector's total revenue was £3 billion in 2018, including £962 million in international revenue.⁶ This huge increase in sector value has flowed back into the UK economy. It is crucial that there is as clear an understanding as possible across government of how the sector works in terms of the scale of the companies and the extent to which it relies on a freelance base which uses a variety of legal routes to manage payments.

How might the sector evolve after Covid-19, and how can DCMS support such innovation to deal with future challenges?

20. The TV production sector in Wales is innovative and specialises in new and interesting ideas and formats. Clearly this will be valuable as we seek to attempt to return to more programme-making while observing ongoing safety considerations.
21. One thing that has been highlighted by the crisis is that travel-based networks and in-person meetings are not always necessary. TAC hopes that this could lead to a growth in commissioners who work for PSBs and commercial broadcasters engaging more with online video conferencing technology in future. This which would allow greater access to producers in Wales to commissioners based in London and elsewhere.
22. Looking at the wider picture for PSB, there has been a significant impact on TV Licence Fee-related funding due to the crisis. First, the TV Licence Fee enforcement operation has ceased due to the company responsible for collection not being to operate as usual. Secondly, the BBC took the decision to halt the introduction of paid-for TVLFs for those over-75s not receiving Pension Credit. Whilst we do not dispute the BBC's decision, it has necessarily resulted in an additional cost to the BBC. The BBC has estimated that the additional cost it has sustained due

⁵ Available at: https://dlo6cycw1kmb.cloudfront.net/media/media_assets/TV_Production_Guidance_COVID-19_18-5-20v2.pdf

⁶ UK Television Production Survey: Financial Census 2019. Oliver & Ohlbaum, Sept 19, p.8

to the pandemic is around £125m, money which will clearly not be available for spending on creative content. This is in addition to ITV cutting £100m from its programme budget and Channel 4 reducing its programme spend by £150m.⁷

23. As we will be arguing in our separate response to the Committee's inquiry into the Future of PSB, the public investment in PSB has, along with such interventions of the statutory Terms of Trade, given rise to the hugely successful TV production sector in this country. It will be a matter of concern if this crisis has a significant impact on the ability of the BBC to commission new content in the coming months. For this reason, TAC would suggest that this is not the time for the government to decide to decriminalise TV Licence Fee evasion, a measure which would cost the BBC an additional £200m on an annual basis once implemented.

⁷ See <https://www.bbc.co.uk/news/entertainment-arts-52474911>. Accessed 2 June 2020