



Information for Senedd Culture, Communications, Welsh Language, Sport, and International Relations Committee on the impact of increasing costs

About TAC

1. TAC (Teledwyr Annibynnol Cymru) represents the independent television production sector in Wales. Our sector is a substantial component of the creative industries, in Wales and in the UK overall, with Cardiff alone having the third largest film and TV cluster in the UK¹. This provides 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 and platforms. Our member companies produce almost all the original television and online media content for Welsh-language broadcaster S4C, and a variety of radio productions for the BBC.

About this response

2. The Committee has asked for information on how increasing costs are impacting on the creative industries. In the time available TAC has canvassed its members and we have below set out the main issues raised by them.

Response to Committee questions

Q: What impacts has increasing costs living had on your organisation and sector so far?

3. Outside of specific production costs, the costs of general goods and services is obviously also higher for businesses. Some members have said that the increase in energy prices will affect them the most, in terms of the costs of electricity and heating in the office. This is partly due to their expecting more staff to come to the office instead of working from home, to save the cost of electricity in their homes. We welcome the move by the Film and TV Charity to publish tools to help people in the industry with managing their finances².
4. Our members' production activity is impacted by energy costs, fuel, food, catering, hire car and accommodation costs all being higher. While post-Covid some travel has been reduced the needs of filming mean this is a limited benefit in some areas and we still need people to travel and stay on location. These recent changes will have increased producer costs after budgets for programmes have been agreed, reducing or eliminating the margin on making a show.

¹ <https://www.cardiff.ac.uk/news/view/2510538-cardiff-has-third-largest-film-and-tv-cluster-in-uk,-study-shows>

² <https://filmtvcharity.org.uk/your-support/financial-support/>

5. During the Covid lockdowns, some freelancers left the industry, meaning scarcity of staff has pushed up crew and staffing costs. Companies are struggling to secure and retain staff due to freelancers raising their prices. In the medium/long term the training schemes, such as that provided by S4C and TAC, and also Channel 4 and Creative Wales – could if they continue, bring more workers into the market and this will help.
6. Some of this is down to the TV streaming platforms (Netflix, Disney+ etc) causing inflation in production talent prices, but it is also due to competition between independent producers for talent. While it good in some ways that the streaming platforms are making more high-budget productions, this is providing less room for lower budget productions, as companies are understandably focusing on the higher-budget shows. Lower budget shows are where many production staff learn their trade.
7. It is important to note that UK PSB broadcasters' budgets are not increasing. They can offer a little bit extra, but not in line with inflation, producers are therefore trying to deal with increased costs with no more money coming in. This is a precarious place for companies to be in, cash flows are reduced and smaller companies are finding it really hard, either not able to fund development or taking risks going into production where could be overspending.
8. Some programmes are commissioned later than they should be by the broadcasters. When late, this puts extra pressure on costings, as it is harder to find staff meaning higher rates have to sometimes be paid.
9. Co-productions are sometimes the only way get a production off the ground, but these are complicated deals for companies, for example having other producers involved has an effect on IP revenues.

Q: What impacts do you predict increasing costs will have on your organisation and sector? To what extent will these impacts be irreversible (e.g. venues closing, rather than a temporary restriction in activities)?

10. In the long term it is possible that rising inflation will, if not matched by broadcaster's revenue, mean fewer programmes being commissioned, which will impact on the industry. All production companies rely on having regular cash-flow, and if there are fewer productions plus rising business costs, this could cause some businesses to become inviable and have to close.
11. This will be compounded by the privatisation of Channel 4. The subsequent removal of its publisher-broadcaster model will reduce work in the independent sector. Also its reduction of its Out-of-London spend and removal of its out-of-London hubs and skills and training schemes, which will almost certainly be the result of privatisation, will also have a negative impact. The freezing of the TV Licence Fee will also cause issues as rising inflation will mean the BBC will have much less money to spend in real terms.

Q: What interventions would you like to see from the Welsh and UK Governments?

12. Intervention from the Welsh Government to help with business rates would be welcomed. We recognise it already provides some business rate reliefs, but these may well need revising to take account of inflation.

13. Creative Wales' continued support to invest in training, and to continue to offer support to attract work to come to Wales, will be important. We are looking forward to seeing the Creative Wales Skills Fund strategy, to be announced shortly.
14. The UK Government should look at whether there are any ways of extending the current tax relief schemes. For example the threshold for the high-end TV drama tax relief is too high to benefit programmes on S4C which has to work with lower budgets while still producing high quality content. We would like to see UK Government lower the threshold for minority indigenous language productions.

Q: To what extent do the impacts you describe fall differently on people with protected characteristics and people of a lower socioeconomic status?

15. There has never been greater awareness in the industry of the need to recognise protected characteristics. There have been more opportunities post Covid – virtual meetings and working allow inclusion of more people. The reduced need to travel has been a benefit to those with reduced mobility.
16. Additional costs of providing for the employment of people with protected characteristics are a consideration in times of economic austerity. Travel to work costs are a real factor for individuals coming from a lower socio-economic background – financial support for travel to work and on public transport would be helpful in this regard, either by not increasing the costs of train tickets/ buses or vouchers to enable workers to travel to work.

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