



Teledwyr Annibynnol Cymru
Welsh Independent Producers

Submission to

House of Lords Communications and Digital Committee Inquiry:

A Creative Future

September 2022

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 in Wales, 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.
2. In recent years, Wales' reputation as a centre of first-class drama production has grown significantly with productions such as *Un Bore Mercher / Keeping Faith*, *Bang, Craith / Hidden*, and *Y Golau / The Light in the Hall*. Our sector also offers a great deal of expertise in genres such as factual, children's programmes, sport and entertainment. Overseas programme and format sales have increased, and our members are also experienced in international co-productions.

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

Responses to Committee Questions

Q1. Which areas of the creative industries face the greatest potential for disruption and change in the next 5–10 years, and what impact could this have? a) What changes are expected in the way creative/cultural content is produced; the way audiences are engaged (for example through digital or immersive experiences); and the way business models operate?

3. The mechanisms for creating, viewing and distributing TV and TV-like content will continue to evolve. New ways of viewing and experiencing content, for example VR, will emerge, however not all new technologies have proved to be successful, as the experiments in 3D TV have shown us.
4. What is more enduring is the audience's continuing demand for high-quality content which entertains, tells stories and informs them about the world. What lies at the heart of good content remains fresh ideas, great acting and production talent and the necessary infrastructure to nurture them.
5. The TV production business will continue to be a highly competitive market, with the business model involving producers pitching programmes to broadcasters and platforms. Wales and the rest of the UK has a very successful TV production sector, responsible overall for £1,426m worth of exports in 2020-21².
6. Commercial broadcasters and platforms will continue to operate through a mix of advertising and subscription. However there will also be a demand for publicly-funded content providing original homegrown productions to reflect national and regional cultures, topics of interest and people's stories.
7. To ensure this content is discoverable for today's audiences, the Government is looking to ensure the UK's public service media providers' services have due prominence on digital platforms, as they do on Freeview and other services. This is a crucial measure, as it will help to hold up audience share for UK PSBs. It is therefore important that the Media Bill, in which these measures will be contained, be introduced in a timely manner to ensure the prominence measures are passed.

Q2. What skills will be required to meet these emerging opportunities and challenges?

8. The TV production sector needs to have a strong and sustainable skills base in order to continue its current rate of success. Screenskills recently reported³ that film and

² [UK TV Exports Report 2020-21. 3Vision/Pact/BBC Studios/ITV Studios/All3Media, December 2021, p3](#)

³ <https://www.screenskills.com/news/new-forecast-of-skills-and-training-needs-to-support-uk-film-and-high-end-tv-production-boom/>

High-End TV production could be worth between £7.07bn and £7.66bn by 2025, due to increasing demand for content.

9. To meet this demand between 15,130 and 20,770 additional crew are needed. Screenskills therefore estimates that by 2025, training existing and new workforce in the screen production industry will need annual investment of £95.1 million to £104.3 million. However it also estimates that the return to the UK economy will be around 15 times the cost of investing in the necessary training.
10. TAC partners with Welsh language media provider S4C to provide a skills and training programme for the independent production sector in Wales. Since it began in 2019 the programme has to date delivered 75 courses, with 1,154 registrations. The courses began in-person but moved online after the beginning of the pandemic, allowing greater access for production professionals across Wales.
11. However investment on a larger scale will be needed to ensure the talent pipeline is sufficient to ensure the workforce is sufficient to produce the volume and quality of productions, and maximise the economic potential.

Q3. What actions are needed from the Government and local authorities to ensure there is an appropriate talent pipeline equipped with these skills? a) How can this be sufficiently flexible to take account of the pace of change in the sector?

12. The Welsh Government agency Creative Wales is working to build awareness of creative sector careers and working with partners to develop new programmes to facilitate both skills development and company growth.
13. Further to this Creative Wales is currently working on a Creative Skills action plan covering the screen, digital and music sectors, as well as a new skills fund. While at time of writing we have not seen details of this, it is hoped this will result in a positive boost for training in Wales' creative sectors, including TV production.
14. One issue for the TV production sector is the loss of members of the freelance workforce to other professions. This happened particularly during the pandemic when the temporary shutdown on much of TV production caused freelancers to leave the industry to pursue careers elsewhere. Some flexible way of providing financial assistance could help to provide for creative workers between contracts, thus preventing them leaving the profession and being lost to the industry.

Q4. What actions are needed from industry to support the talent pipeline development? a) What actions are needed from organisations in the creative industries to prepare for and accommodate the requirements of the future workforce?

15. The TV production sector, like much of the creative industries, is made up of SMEs – this allows a more personal approach to employees and address individual needs, although equally it can be hard to schedule in key training / mentorship when companies are busy – a toolkit for better management of this at work would be of use. This could include establishing a clear career path in their businesses.
16. Employers' provision of information and signposting is important to enable production staff to see more clearly a career path and ways to improving their skills.
17. It is important that professional development of freelancers receives industry support. As an example, the TAC/S4C skills programme does not charge freelancers for training.
18. The role of a trade body is important. TAC already works with other stakeholders in Wales, such as the Creative Wales Stakeholder Group, S4C, BAFTA and so on.
19. TV production is a competitive environment but TAC companies share best practice through the TAC-S4C training programme and professional networks.

Q5. 5. What role do innovation and research & development play in addressing the challenges facing the creative industries?

a) What actions are needed from the Government, funding bodies and sector organisations to support innovation, and research & development?

20. Innovation and research help to drive new experiences for audiences, helping them to gain greater understanding of the world, and also enabling the UK's creative industries to stay competitive internationally through being the first to bring new products and experiences to market.
21. The Clwstwr⁴ programme in South Wales awards funding to participants from film and television companies, technology businesses and creative organisations to allow them to research and develop new products, services and experiences. TAC member companies such as Yeti TV, Triongl and Focus Shift Films have already achieved funding to start developing ground-breaking projects. This type of funding is crucial to ensure ongoing competitive success.

Q6. How effective are the Government's existing strategies at supporting the creative industries to meet the challenges and opportunities ahead?

22. Until recently the Government has supported the development of a vibrant public service broadcasting system which has nurtured the growth of the creative industries, through a mixture of public investment and commercially run services, all distinctive and with specific remits.

⁴ <https://clwstwr.org.uk/>

23. However some recent policy developments are causing concern in terms of the implications for the level of investment and commitment to the independent production sector, in particular in the nations and regions of the UK.

Future of the TV Licence Fee

24. The recent two-year freeze in TV Licence Fee funding means that the BBC will have less resource to provide the wide range of distinctive content which its Mission and Public Purposes require it to do. The Government is now planning to review the future of BBC funding. Having recently looked into this area, the Committee is aware that TAC has concerns⁵ about the possible implications of this, not just for the BBC but also for Welsh language media provider S4C, which now receives all of its public funding from the TV Licence Fee.
25. While there are pressures on the TV Licence Fee it is important to recognise, as pointed out in the Committee's recent report⁶, that alternative models also present challenges.
26. What must not happen is for the need to insure for the future to turn into a gamble with the future of our PSB system, by changing tack too far and too soon. During this process it is important to allow a wide range of voices, including Licence Fee Payers and also creative stakeholders from each of the UK nations, to have a significant role in the discussion.

Young Audiences Content Fund

27. The Government's recent contestable fund pilot schemes have proved to be a good additional way of supporting content which would be difficult to fund commercially. The Young Audiences Content Fund⁷ and Audio Content Fund⁸ are providing specific finance for UK-produced content for younger TV audiences and commercial and community radio audiences respectively. Production companies in Wales regularly succeeded in pitching for YACF funding, bringing in finance for children's programmes which otherwise would have been unlikely to come to Wales via the UK-wide PSBs.

⁵ <http://www.tac.cymru/wp-content/uploads/2022/03/Response-to-Lords-Communications-and-Digital-Committee-inquiry-on-the-Future-funding-of-the-BBC.pdf>

⁶ [Licence to change: BBC future funding. House of Lords Communications & Digital Committee. HL Paper 44, July 2022, CH.4 – Funding Models](#)

⁷ <https://www.bfi.org.uk/get-funding-support/create-films-tv-or-new-formats-storytelling/young-audiences-content-fund>

⁸ <https://www.audiocontentfund.org.uk/>

28. Following the conclusion of the three-year pilot stage in March this year, no further funding has currently been made available for the contestable funds' continuation. TAC hopes that, following their formal evaluation, these funds will become a permanent source of additional targeted support for original UK public service content.

Downplaying of creative subjects in the curriculum

29. Efforts to promote the creative industries as a career are hampered by education curriculums' downplaying of creative subjects, which has not assisted efforts to make creative careers more known and understood among younger people of varied backgrounds. However it is positive to see a more balanced curriculum in Wales now being introduced.

Changes to Channel 4

30. Channel 4 is increasingly investing in bringing Wales' people, ideas, stories and perspectives to the fore, as well as contributing to the UK's overall creative output for a range of broadcasters and platforms.
31. Channel 4 is decreasing its reliance on linear TV advertising, for example its digital advertising revenue grew to 19% of overall revenue in 2021, on track to meet its target of 30% by 2025. It is also experimenting with other ways to increase revenues, e.g. the Global Formats Fund. We do not therefore hold the view that privatisation should lead to further radical changes to its model.
32. Therefore the Government's plans to privatise Channel 4 bring significant concerns, as it would potentially radically alter the way it operates in a way detrimental to the creative industries.
33. Channel 4 CEO Alex Mahon told the House of Commons DCMS Select Committee how she would feel obliged to run a privatised Channel 4:

"We currently work with about 300 companies across the UK. I would bring that in-house and I would centralise it in the south-east because that is more cost efficient. I would reverse decades of work to build that up across the Offices — they are expensive—and I would bring that back to London. The second thing I would do is cut the skills and training. That is wonderful for young people but it is not wonderful for profitability. The third thing I would do is change the commissioning strategy—the kinds of programmes we buy—in order to de-risk it"⁹.

⁹ [Oral Evidence: The work of Channel 4, HC 381. House of Commons Select Committee for Digital, Culture Media & Sport, 12 July 2022, Q3](#)

34. All of these actions would have significant adverse effects on the Welsh TV production sector. Below we outline the key protections that need to be contained within the forthcoming Media Bill if, as expected, it contains measures to privatise Channel 4.
35. Channel 4's spend outside London is highly important, recently it committed to 50% spend outside London, above its official requirement of 35%. Its new commissioning team in Bristol is receiving praise for their approach to working with production companies in Wales.
36. Channel 4 has spent around £84m in Wales over the last decade, with annual spend increasing in 2021 and forecast to grow to around £17m in 2022. Analysis shows that in 2019 alone, Channel 4 contributed £20m to GVA in Wales and supported 200 jobs.
37. Channel 4 is collaborating more with S4C, co-commissioning the first ever Welsh language opera to be broadcast on UK-wide TV (*Un Nos Ola Leuad / One Moonlit Night*). In addition new Channel 4/S4C drama series *Y Golau / The Light in the Hall* was recently shown on S4C and will screen on Channel 4 later this year.
38. There is therefore great concern that without the appropriate protections in place a private investor would, as outlined by Ms Mahon above, not remain committed to Channel 4's increased levels of Out-of-London investment, its new commissioning hubs, or working with a wide range of companies around the UK.
39. We would therefore welcome a Committee recommendation that if the forthcoming Media Bill does as expected include measures to privatise Channel 4, it should also require any future owner of Channel 4 to maintain its out-of-London hubs and current commitment to 50% out-of-London spend.
40. There are also deep concerns regarding the Government's plans to remove Channel 4's publisher-broadcaster status and reduce its level of required out-of-house commissioning from 100% to 25%. This would greatly reduce opportunities for producers around the UK, who need to have a sustainable amount of business from the full range of the UK's broadcasters, as well as international platforms, to grow their businesses.
41. There is an example provided by ITV, which is privately-owned and combines in-house production with indie commissioning. EY's report on Channel 4 privatisation¹⁰ stated that 66% of the content on ITV's main channel is sourced in-house. If removing Channel 4's publisher-broadcaster model resulted in a similar proportion of production lost to the independent sector, EY estimates that the present value of Channel 4's supply chain contribution to GVA over a ten-year period could be 29% (or £2.1bn) lower than Channel 4's current model.

¹⁰ [Assessing the impact of a change of ownership of Channel 4. EY, September 2021, p40](#)

42. There is a real risk that overall Channel 4 could be less challenging, distinctive or UK specific, due to a reduction in the currently diverse supplier base, combined with the likely ‘de-risking’ of its content. A sale of Channel 4 could also reduce the UK cultural identity of its output, with content aimed towards more international audiences, especially as many buyers are international media firms.
43. We would therefore welcome a Committee recommendation that if the forthcoming Media Bill does as expected include measures to privatise Channel 4, it should also contain measures to retain Channel 4’s current publisher-broadcaster status, and the Government instead allow the current management team to identify other ways of further collaboration on production to raise additional revenue.
44. Channel 4 also supports training and development in Wales. Its flagship Production Training Scheme¹¹ has refocused to 100% Nations and Regions and four trainees recently started placements with Bad Wolf, Yeti and Chwarel (producer of the multi-award winning The Great House Giveaway), with two more being placed at Cardiff Productions and Outline Productions.
45. The Factual Fast Track scheme addresses skills gaps by developing Executive Producers in the factual genre in the Welsh sector.
46. The Indie Accelerator¹² provides development funding and bespoke support to ten independent production companies with ethnically diverse leadership, including Cardiff Productions.
47. We would therefore welcome a Committee recommendation that if the forthcoming Media Bill does as expected include measures to privatise Channel 4, it should also contain measures to require any future owner of Channel 4 to maintain all of its current training and development initiatives.
48. The Government’s paper on the decision to privatise Channel 4 proposes a ‘Creative Dividend’:

*“The Government will look to use some of the proceeds from the sale of Channel 4 to deliver a new creative dividend for the sector. The Government will also consider funding for the creative industries in the round at the next Spending Review. There will also be ongoing requirements in C4C’s licence and remit to reduce any possible negative economic and social impacts of the intervention”.*¹³

¹¹ <https://careers.channel4.com/4skills/production-training-scheme>

¹² <https://www.channel4.com/commissioning/indie-accelerator-2022>

¹³ [Decision rationale and sale impact analysis for a change of ownership of Channel 4. DCMS, 2022, p3](#)

49. A 'Creative Dividend' from the sale of Channel 4 should be in addition to, not a substitute for, our recommendations above.
50. The Committee could consider recommending the following ways of utilising the 'Creative Dividend':
- Providing seed funding for out-of-London productions, for example along a co-commissioning model
 - Restoring funding to the Young Audiences Content Fund and Audio Content Fund on a long-term basis
 - Providing additional support for training initiatives for the creative industries in the nations and regions of the UK