



Response to House of Commons Select Committee on Culture, Media & Sport Inquiry on British Film and High-End Television

October 2023

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. Our sector 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.

About this response

2. We welcome that the Committee has decided to look into the UK's Film and High-End TV sectors. TAC members include companies working across one or both areas and we have sought views from them to populate this response. We have answered selected questions put by the Committee in its call for views and we have correspondingly restricted our comments below to those key areas.
3. We are happy to provide any further information to the Committee on request.

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

Responses to Questions

How attractive is the UK as a global destination for the production of film and high-end television?

4. The regime of tax reliefs – now to be expenditure credits – has been a significant factor in bringing international investment into the UK. According to the BFI's last report, tax relief has attracted a total of £4.245bn in total production investment, resulting in an overall GVA of £12.41bn across film, TV, Children's and animation².
5. The BFI report shows that in Wales alone, production spend in film was £33.6m for the period 2017-2019, resulting in £171.6m GVA and supporting 2,792 full-time employees. For HETV in the same period, production spend in Wales was £126.9m, resulting in £214.7m GVA and supporting 3,733 full-time employees.
6. As the Committee will know, the creative screen tax regime has recently been consulted on and reforms announced, with draft legislation being consulted on by HMRC. We discuss these reforms in answer to the question on tax reliefs below.
7. Elsewhere there needs to be continued promotion by the UK and Welsh Governments of the TV and film production sector. We welcome the UK and Welsh Governments' support of the industry so far in helping companies to access markets and attend trade fairs.
8. TAC has been working with the UK Department for Business and Trade to ensure that the sector in Wales is maximising its potential to export programmes and formats internationally. In March this year we held a 'Going Global' event in Cardiff at which a packed venue heard from DBT, BFI, distributors, and production companies already active in overseas TV markets. A further event in North Wales is currently being planned.

What are the barriers to maintaining and increasing overseas investment in the sector?

9. The writers' strike in the US which has had knock-on effects for the UK industry. Currently the SAG strike is causing a problem to getting overseas investment as they require big US names involved in projects before they will commit. The strike is causing issues to film crew as well as actors in the UK at the moment, due to the large amount of planned productions which have been cancelled. This is a demonstration of how dependant UK films are on external financiers.

² [Screen Business: How screen sector tax reliefs power economic growth across the UK 2017-2019. BFI, December 2021, p13](#)

What are the current challenges facing the UK's independent film production sector?

10. Gaining funding that all falls into place at the same time to make a project happen. Due to so much choice on streaming services the appetite for independent films has gone down and therefore getting finance for projects is difficult. One financier may agree to support a film, but by the time the producer has secured further funding the original financiers may have changed their minds and therefore the producer has to start again and the project becomes 'on hold' again. Our members have described this a 'vicious circle'.
- **What is the demand for and capacity for production of films with a clear British identity?**
11. A good story is what is needed for a successful film, therefore the demand for UK based specific story is as relevant today as ever.
12. A UK Global Screen Fund study found that "UK Film and TV has a strong presence globally"³. 71% of international audiences surveyed said that films and TV made in the UK were "instantly recognisable as British" and 73% said that they were of "a high quality". Key factors were the quality of the storylines, the acting and the overall production values. This suggest there is a good demand for films with a UK identity.
13. Unfortunately it is very difficult to get funding in place for minority language films, due to the lack of pre-sales and the threshold of the High-End TV tax/expenditure credit being high. If the finance was more readily available there is no doubt the sector would respond and the capacity to produce these films would be present.
- **Are the nations and regions of the UK adequately represented and supported in the production of British films?**
14. One of the UK's selling points is the unique aspects of its different nations and regions and we believe there should be more encouragement to vary the locations and stories told in British movies to show international audiences the full breadth of the UK. This can be a useful boost for tourism, with the UK Global Screen Fund study finding that "Film and TV exert strong influence on overall perceptions of UK and generates interest in visiting".
15. To this end it is important that each nation of the UK is geared up to maximise the potential to boost international audiences and to encourage visits to the UK. TAC submitted views⁴ on this to the House of Welsh Affairs Committee's inquiry into 'Wales as a global tourist destination'. We emphasised the need for a joined-up approach between the Welsh Government, screen agencies and local authorities to maximise the publicity around a production, including publicising its on-location production and also providing tours of the locations for successful films and series. Creative Wales has

³ [International perceptions of and engagement with UK screen content. UK Global Screen Fund 2021, p9](#)

⁴ See <https://www.tac.cymru/wp-content/uploads/2022/04/Response-to-the-Welsh-Affairs-Committee-inquiry-%E2%80%93-Wales-as-a-global-tourist-destination.pdf>. Accessed 6.9.23

already set up resources to encourage filming in Wales with information on locations, crew and facilities, studios and build space and so on⁵. It last year had a presence at the 'Focus' TV expo in London, which advertises potential film locations and services.

16. In terms of films made in the Welsh language, in recent years, thanks in part to the proliferation of foreign language content on Netflix and other streaming services, there has been growing audience appetite for such content. Netflix has already shown Welsh language TV drama 'Dal Y Mellt' (Rough Cut) and the hope is that it and other VOD services will show more such content.
17. It is positive to see that Seren Studios near Cardiff has been bought by Great Point Studios which has plans to double its capacity. The US-based production company has also received £6m of grant funding through Welsh Government agency Creative Wales. In addition the Welsh Government's Creative Skills Fund has given financial support to Screen Academy Wales, a new project led by Bangor University, the University of South Wales Film and TV School, and Screen Alliance Wales. Screen Academy will create three new Screen Academies inside Greatpoint Studios, Wolf Studios Wales and Aria Studios to deliver screen-based skills, education and training.
18. There has been a massive boost in representing north Wales by Hollywood actors Ryan Reynolds and Rob McElhenney, following their purchase of Wrexham Football Club and subsequent creation of the TV documentary series 'Welcome to Wrexham', promoting Wrexham and Wales to the world. It has won two Critics' Choice Television Awards and nominated for six Primetime Emmy Awards. 'Welcome to Wrexham' Series Two has been released this month and is looking to be another huge international success.
19. TAC also welcomed the recent announcement that S4C is partnering with actor Ryan Reynolds to air Welsh language content – including content made by TAC Members, on his new US 'Maximum Effort' TV Channel. The 'Welsh Wednesdays' will provide six hours of Welsh language programmes a week to audiences across the US, Spain and France. It is estimated that the investment and global publicity by Ryan Reynolds and Rob McElhenney to North Wales is worth over £1 billion and demonstrates how production can have an impact on a region and a nation.
20. The Memorandum of Understanding between S4C and Welsh Government includes a commitment for spend on Welsh film, with the Welsh Government committed to "Up to £1m p.a. for Welsh language film to complement S4C investment, noting the impact of the lead in time associated with the establishment of a process to fund Welsh language films on level of spend in the short term"⁶.
21. Following on from this the Welsh Government, Screen Cymru and S4C have developed the Sinema Cymru programme⁷, under which a minimum of three feature films will be

⁵ <https://www.creative.wales/filming-wales>. Accessed 12.9.23

⁶ [Memorandum of Understanding between S4C and Creative Wales](#), p5

⁷ See <https://ffilmcymruwales.com/funding-and-training/sinema-cymru>. Accessed 7.9.23

developed a year, with the intention that one of the projects will then be selected for production funding.

22. On S4C's 40th anniversary in November 2022, the Welsh Government announced⁸ a £180k programme to support Welsh language film and develop talent and ideas. One of the results of this is the 'O'r Sgript i'r Sinema' scheme⁹ in which S4C has been working with the National Film and TV School to support Welsh film writers and support Welsh language feature film production. These are very positive developments which we look forward to seeing progress.

What more can be done to incentivise film and high-end television production in the UK?

23. Current funding streams need to be maintained and where possible made more easily available. The UK PSB system continues to be a major investor in TV and film and therefore it is important to maintain public funding for the BBC in order that it can invest in creative industries all around the UK. In addition the current tax/expenditure credit percentage could be increased and made available to productions with lower budgets, at least in terms of minority language productions. Making more funds available in order for films to be fully funded by UK partners only means more return on investment to the UK.
24. It is also important that Channel 4 continues to be a significant commissioner of independent production in the UK. The removal of its publisher-broadcaster status is a concern and TAC along with others has been calling on the UK Government to ensure there are clear protections within the Media Bill for the independent sector. We conveyed this to the Committee in our response to its pre-legislative scrutiny of the Draft Media Bill¹⁰.
25. In terms of Wales specifically, we welcome requirements for the UK PSBs to spend a certain percentage of their budget outside the M25 and also the BBC's specific commitment to spend 5% in Wales. However we do have concerns around whether the BBC's spend in Wales, which must be at least 5% of its total content spend, does always go to the indigenous companies which have been founded in and are fully based in Wales. We have recently voiced concerns regarding the practice of 'brass-plating' where some companies are encouraged by a commissioner to bid for a strand or series in return for having a small, often temporary, base in the nation. As far as we are concerned this is not in the spirit of the Ofcom requirements around what constitutes an Out-of-London production and we are having conversations with DCMS, Ofcom, BBC and others on this matter.

⁸ See <https://www.gov.wales/funding-boost-welsh-language-film-announced-s4c-40th-anniversary-reception>. Accessed 7.9.23

⁹ See <https://nfts.co.uk/article/s4c-and-nfts-cymru-wales-team-help-welsh-writers-develop-their-screenwriting-skills-new>. Accessed 7.9.23

¹⁰ See <https://www.tac.cymru/wp-content/uploads/2023/05/Select-Committee-call-for-evidence-Pre-legislative-Scrutiny-of-the-Draft-Media-Bill.pdf> accessed 6.9.23

26. We welcome the recommendation of the Senedd Culture, Communications, Welsh Language, Sport & International Relations Committee's just-published report on the creative industries workforce that "The Welsh Government should urgently undertake an assessment of the health of the cinema sector in collaboration with Ffilm Cymru. This assessment should be completed before the next financial year in order to allow for any further support to be provided if required"¹¹.
27. Continued and increased funding for Welsh language broadcaster S4C is also important. S4C is a crucial enabler for the independent production sector in Wales, creating content and formats which are increasingly exported overseas. It also enables companies to get established and many go on to work with the UK-wide broadcasters, VOD platforms and so on.
28. In addition a reform to the HETV expenditure credit could attract further investment into Welsh language HETV and film, boosting the industry further and allowing companies to build more sustainable businesses. The Welsh language provides a further unique aspect to productions made in the nation, along with its culture, stories, locations and perspectives.

Are the current funding routes, tax credits and governance for the industry fit for purpose?

29. TAC contributed to the consultation regarding screen tax reliefs which took place in late 2022 - early 2023. TAC has played a full part in this process and broadly welcomes the UK Government's approach of revising the tax reliefs into an expenditure credit. We were pleased to see that the Government maintained the threshold for UK High-end TV programmes at £1m per hour.
30. However it would be beneficial to look at the threshold for HETV when applied to UK minority indigenous language productions. Given that average high-end S4C production costs are £250k-£300k per hour, HETV tax relief is not accessible for almost all S4C productions. Competing for viewers is challenging in the era of ever-greater choice, and for S4C to compete it needs to be able to access the same type of tax relief support which is available to the other UK PSBs via the HETV tax relief.
31. £1m+ per-hour budgets for high-end English language television, in particular drama, is usually financed not just from broadcasters but from a number of different sources including distribution advances and presales. While S4C and the independent sector are working to produce a greater number of productions and co-productions with international appeal, for example the aforementioned 'Dal Y Mellt', a Welsh language-only production, was purchased by Netflix and is now filming its second series. But while aided by the growing trend among SVOD audiences to watch subtitled content, it

¹¹ [Behind the scenes: The Creative Industries Workforce. Welsh Parliament Culture, Communications, Welsh Language, Sport & International Relations Committee, Oct 2023](#)

is nevertheless not viable to be able to finance minority indigenous language productions at or near the level of £1m an hour.

32. We would therefore welcome the introduction of a lower threshold for the HETV expenditure credit, for example at £200k per hour, for minority indigenous language productions. To do so would not only enhance the production of high-quality programming in languages such as Welsh, but also further the aims of levelling up the economy for the benefit of the whole of the UK, as it would help the sustainable growth of production companies and broadcasters in the UK nations.

What more can be done to protect and promote the UK's screen heritage?

33. Films and TV document society through the ages and TAC members have been supporting the preservation of audiovisual material by providing archives, tapes and other media to populate the National Library of Wales' 'Clip Cymru' project¹².

What can the industry and Government do to ensure British film and high-end television can adapt for the future? What should be prioritised to ensure a strong skills pipeline and retention in the film and high-end TV industry?

34. There is a need for the Government to ensure adequate investment is made in the skills pipeline. ScreenSkills 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 on this investment to the UK economy will be around 15 times the cost investing in the necessary training¹³.
35. Failure to tackle this will result in an inability to meet demand at a time when the UK is a world leader in these disciplines.
36. In Wales TAC and S4C have a formal training partnership, which since 2019 has provided a total of 100 courses, attracting 1,450 registrations. TAC is also liaising with Creative Wales and works with other organisations in the industry in Wales to ensure skills provision is more joined up.
37. With Welsh language content attracting increased interest, including being shown on Netflix, the future success of Welsh language production is a part of the overall success in Wales of the industry. It is also tied in with the Welsh Government's target of one million Welsh speakers by 2050. We therefore welcome the recommendation of the Senedd Culture, Communications, Welsh Language, Sport & International Relations

¹² <https://www.library.wales/clip-cymru>. Accessed 11 Sep 23

¹³ <https://www.screenskills.com/news/new-forecast-of-skills-and-training-needs-to-support-uk-film-and-high-end-tv-production-boom>. Accessed 10 Oct 2023

Committee that “The Welsh Government should provide longer term (beyond 2024) funded support for skills development in the creative industries.”¹⁴.

○ **What are the risks and benefits of artificial intelligence to the sector?**

38. It has huge benefits in some instances, for example if an actor falls ill during production it can be used to finish the project. But it does also have a huge negative side as it can lead to a reduction in jobs from people and therefore undermine the skills base, which will always be crucial to maintain even if some tasks can be done with the use of AI.

What needs to change to ensure the industry is supporting inclusivity and sustainability.

39. The industry in Wales is already taking steps to support inclusivity and sustainability. S4C has adopted the ‘BAFTA albert’ sustainable production scheme¹⁵ and TAC provides courses and learning sessions to its members on how to use the albert’s reporting system and how to meet the requirements of the scheme. TAC also works with BAFTA albert to ensure that there is an understanding of the production companies Wales in order to make the process as simple and user friendly as possible.. S4C is in the process of adopting the Diamond¹⁶ inclusivity monitoring scheme and TAC will be supporting its members by ensuring they have the resources and knowledge to comply with the monitoring.

40. TAC works with S4C to support its Diversity Strategy to ensure that content reflects the communities in Wales. TAC shares S4C’s annual Diversity, Inclusion and Representation Survey questionnaire with our members, to help S4C and TAC gain a better understanding of the sector in Wales. This also feeds into the TAC training programme.

41. One of the main areas the TAC S4C Training Programme focuses on is Equality, Diversity and Inclusion. TAC has worked with several training providers to deliver training focused on issues relating to Equality, Diversity and Inclusion in order to encourage an inclusive workplace within production companies in Wales.

42. TAC has also delivered learning sessions in order to promote resources which could further promote an inclusive and ‘mentally healthy’ workplace. This includes a learning session with CULT Cymru and non-profit company 6ft from the Spotlight, focused on the WellBeing Facilitator Pilot scheme in Wales. In addition TAC has also worked with the Film and TV Charity to promote the ‘Whole Picture toolkit’, which focuses on managing mental health and wellbeing within production teams.

43. TAC offers a fully bilingual service with training sessions held in both Welsh and English to ensure that the training programme is inclusive to both Welsh speakers and non Welsh

¹⁴ [Behind the scenes: The Creative Industries Workforce. Welsh Parliament Culture, Communications, Welsh Language, Sport & International Relations Committee, Oct 2023](#)

¹⁵ <https://www.s4c.cymru/en/production/production-news/post/47869/albert-scheme-guidelines-january-1-2022/>. Accessed 10 Oct 2023

¹⁶ <https://creativitydiversitynetwork.com/diamond/>

speakers. TAC also encourages training providers to provide materials and resources in both Welsh and English to ensure that training content is accessible to all TAC members in their preferred language.

44. In terms of both inclusivity and sustainability we would again point to the need to ensure that home-grown production companies genuinely benefit from interventions such as the Out-of-London quotas and the BBC spend, in terms of making sure that indigenous Welsh companies are the ones which benefit. Having local production facilities, skills and talent ensures there is less travel involved. In addition it also ensures a more diverse TV and film production base in terms of the representation of different voices, perspectives, ideas and talent from around the UK. Lastly the retention of intellectual property within Wales is key in building sustainable businesses.

www.tac.cymru