

**FFILM CYMRU WALES EVIDENCE
TO THE CULTURE, WELSH LANGUAGE
AND COMMUNICATIONS' COMMITTEE INQUIRY
INTO SUPPORT FOR FILM AND TELEVISION IN WALES**



**SUPPLEMENTARY SUBMISSION
JULY 2018**

Introduction:

We welcome the Committee's invitation to provide further evidence. We have been able to review the evidence supplied by others to the committee and note the suggestions for reform that have been put forward. Should the Committee feel that change is needed, Ffilm Cymru Wales would want to play a productive role in supporting such developments. These notes indicate some of the ways that Ffilm Cymru Wales might be able to facilitate shared objectives of growing Wales' creative industries.

Welcome proposals

We welcome, acknowledge and agree with the objectives of Welsh Government's proposed 'Creative Wales'. The functions ascribed to Creative Wales, as we understand them, are much needed. We also note that the Welsh Government is well-placed to play the leading role. This would include to convene, co-ordinate, collate and champion the sector; to ensure policies and interventions are evidence based, well-researched and sector-led and to use findings to ensure that cross-cutting benefits aren't missed; to ensure that 'brand Wales' promotes our creative nation, and to be able to comprehensively evaluate impact to inform future measures.

We also welcome proposals for tailored business support for the creative sector and a comprehensive on-line 'one stop shop'. Again, this is much needed as there is a clear requirement for a service(s) that can present the breadth and range of Wales' creative industries offer across the pipeline, making it easier to navigate available support, entry and progression routes. An effective 'one stop shop' service would almost certainly want to call on existing expertise in a range of organisations in Wales. We would, of course, be entirely happy to be part of a collegiate approach to undertaking this work.

Structural considerations:

We understand the appeal and potential benefits of offering a 'one stop shop'. The committee therefore may be considering various models over and above any on-line proposal, including the merger of current services.

Structural proposals will obviously need to take account of the financial framework that underpins them. For example, it is important to note that National Lottery funding is required to be managed at arms-length from Government and therefore could not be placed within a structure that sits within Welsh Government. This would rule out such funding being available to Creative Wales.

However, a structured relationship between an in-house Creative Wales and Ffilm Cymru might provide an elegant solution to the appropriate management of funds. In any case, we believe that it would be highly beneficial for there to be much more closely aligned working between Welsh Government and Ffilm Cymru. We are a long-standing sector development body with detailed and nuanced knowledge of many new, emerging and established Welsh IP creators, projects and companies advancing through the pipeline.

One of the essential characteristics of any service in this area would be the ability to respond quickly enough to meet screen-based project needs when it comes to the risk assessment and management of project finance (as opposed to the structuring of property or corporate level deals). This 'agility' might be more challenging for any structure operating within the Welsh Government's policies and framework.

We are obviously aware that the Culture Minister has stated the Government's preferred direction of travel. However, it is worth noting, for information, that these issues have been considered elsewhere in Government with different conclusions reached.

Creative industries' funding and services are delegated outside of Government in all other nations of the UK and comparable international regions and countries. This is not a criticism of Government – it reflects what is necessary to meet sector specific needs and enables Governments to set the strategic priorities and hold delivery partners to account.

If it is considered useful, we are open to offering the specialist expertise within Ffilm Cymru Wales to provide project financing services to Welsh Government. We have experts familiar with the provision of risk management services to banks, private funds, insurers and public funders for more than 20 years. Such services could be delivered via a delegation agreement – as is the case for services provided by us to the Arts Council of Wales and the BFI. These agreements are tailored to the strategic aims of the funder – which could for example include spend, job creation, training, recoupment and other criteria as Welsh Government saw fit.

Under such a scenario, Ffilm Cymru would remain fully accountable to Government at all-times and auditable, including by the Wales Audit Office and National Audit Office. Ffilm Cymru has received clean audits since we were founded 12 years ago. The provision of services in this way would inevitably lead to a more joined up offer. We would welcome the opportunity to work more closely with officials.

We could not envisage, under such a model, providing support in an advisory capacity (as Pinewood previously did) as this would not overcome the structural challenges of providing an agile service.

Ffilm Cymru's expertise

Despite our name, we would not want it to be assumed that Ffilm Cymru can only deliver in relation to film. The finance we manage has been available to enable the broader exploitation of IP for a several years, including games, television/stage adaptation, publications, education resources and apps, for example, and to invest at company rather than project level. Furthermore, we note that independent television production increasingly follows the film financing model. In line with this, central Government's Department of Culture Media and Sport (DCMS), noting sector convergence and relevance of skills, has also been happy to extend the British *Film* Institute's remit to include the tax credit for games, animation and high-end and children's television. This extends to the new £60m PSB Contestable Fund, which will be focused on content for young audiences, regardless of platform.

Ffilm Cymru Wales offers a simple, streamlined approach with a strong track-record of sector delivery behind it. Its work is scalable and adaptable, and it has consistently shown its ability to work with partner organisations – including across animation, games, broadcasting and broader platforms - to deliver value. If this is considered useful and relevant, then we are ready, willing and able to help in delivering Welsh Government's agenda.

Updated case studies

The need for agility:

One of the potential weaknesses in current proposals for 'Creative Wales' is that they might not sufficiently differentiate between Government's strategic role and operational delivery in meeting the needs of the creative industries.

Since appearing before the committee in May, Ffilm Cymru Wales has concluded its third (Media Investment Budget) co-financing arrangement with Welsh Government, who were acting under advice of their external panel(s) and lawyer, but without the advisory function previously provided by Pinewood. Despite clear efforts of officials to provide a responsive service, deal points could not be progressed sufficiently quickly to enable the production company to draw-down the film's funding.

Consequently, Ffilm Cymru, a private individual providing equity, and the Welsh production company itself had to resort to releasing c£500k on-risk (that is, without any recourse) in advance of the legal closing to prevent the film from collapsing.

This is not the normal course of business. But we understand that this late closing is not an isolated incident, and each time this happens it increases reputational risk, as well as the risk of productions collapsing. The impact that this can have on those who have cashflowed 'on risk' is clear.

These challenges are not a result of any lack of will or effort on the part of officials who made best endeavours to meet the needs of the productions. It reflects more on structural and institutional limitations. These are endemic within a sector that frequently operates to highly demanding time-frames with cast that can have limited availability windows, complex multi-party deals and a high volume of both deal negotiations (most deals will vary even with financiers that work repeatedly with each other) and legal due diligence.

Clarifying the lines of demarcation and the appropriate location of different forms of expertise requires careful and sensitive analysis. It would be all too easy for Ffilm Cymru to be perceived as encroaching on territory that was more properly the preserve of others. This is not our intention. Our suggestions are intended to focus only on the delivery of the Welsh Government's agenda in ways that are efficient and effective.

Sector training:

We would value Welsh Government enabling the convening of an industry-led Training Advisory Group with funding to support an on-going secretariat, research and potentially future programmes of work that reflect shared training objectives. Such a group could be tasked by Welsh Government to agree data collection methods that could provide specific guidance on sector gaps and evidence impactful interventions.

We strongly agree with Creative Skillset that such a Group should be sector led, with the participation of government officials across the creative industries and skills' departments and reflect the breadth of the screen sector including FE/HE, employers (including broadcasters, companies and union reps), sector bodies such as Ffilm Cymru, UKIE and Animation UK and producer bodies PACT and TAC.

There are many, varied and able training providers from FE and HE to Sgil Cymru and the newly formed Screen Alliance Wales, with its plans to wraparound training with the production pipeline from Bad Wolf. This is all welcome but would have its value exponentially increased by there being increased join up, clearer pathways (of which there are many and that's a benefit too) and scalable training solutions.

Since our previous submission Ffilm Cymru's flagship socially inclusive new entrant programme, Foot in the Door has won the Arts & Business community award and has now earmarked 59 production-

based placements focused on transferable craft and technical skills. We are now working with Housing Associations, BBC Cymru, job centres and others to scale this training across Wales. We look forward to working with a range of other providers working across the screen sectors, and Creative Skillset who provided innovation funding for Foot in the Door, as well as with partner National Arts Organisations with whom we've mapped opportunities to move trainees across our respective offers.

Production trainee places provided through Ffilm Cymru currently stand at 216, in addition to year-round peer group, mentoring and bespoke training programmes provided for Welsh writers, directors and producers through our BFI funded Network offer.

Concluding comments

The Committee has identified issues that are of enormous economic, social and cultural significance to Wales. The creative industries is a growing sector with enormous potential to become an important driver of future prosperity. Now is the moment to ensure that services are organised to make continued success more likely. We would encourage the Committee to recognise the wide range of expertise that exists in Wales. Ffilm Cymru has a specific contribution to make alongside others. We believe that it is worth taking the time and trouble to get this right.

Annexe – updated data:

Since providing our previous evidence, the number of feature films Ffilm Cymru Wales has financed through to production has increased to 69 with combined budgets of £73.6m leveraged against Ffilm Cymru Wales' investment of £8m. All but 2 of these projects have Welsh talent – writers, directors and producers – at their helm.

Co-financing of this portfolio includes £1.86m of Welsh Government's MIB funding and £760,000 of Welsh Government non-repayable funding (with a further £375k, pending confirmation). Welsh Government finance applies against 12 (17%) of the 69 films. Half of these films were previously financed by the IP Fund that Finance Wales ran of Welsh Government's behalf. None of these films received Welsh Government co-finance for the 4-years 2012-15. Four of the films (with a fifth pending) received non-repayable Welsh Government funding from 2016 onwards. 3 of the 69 films accessed MIB funding from 2016 onwards.

Our most recent investment (June 2018), into the feature film *Dream Horse*, illustrates the maturing of the sector as Welsh director Euros Lyn takes on his second feature film helming a significantly larger budget, in excess of £9m, after debuting on Ffilm Cymru Wales' low-budget Cinematic scheme with *Y Llyfrgell/The Library Suicides*, adapted from Fflur Dafydd's novel. *Dream Horse* is a dramatization of the Sundance award-winning, Blackwood-set documentary, *Dark Horse*, which Ffilm Cymru previously co-financed with Film 4. In keeping with Ffilm Cymru's approach to extracting wider value from its investments the film will also provide training opportunities for up to 25 new entrants, who are in socio-economic hardship via our Foot in the Door training programme, which recently won the Arts & Business community award.