House of Commons

Culture, Media and Sport Committee

Oral evidence: British film and high-end television, HC 157

Tuesday 19 March 2024

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Watch the meeting

Members present: Dame Caroline Dinenage (Chair); Clive Efford; Julie Elliott; Damian Green; Dr Rupa Huq; Simon Jupp; John Nicolson; Alex Sobel; Jane Stevenson; Giles Watling.

Questions 193-284

Witnesses

I: Jane Tranter, Co-Founder and Chief Executive, Bad Wolf.

II: Neil Hatton, Chief Executive, UK Screen Alliance, Andrew M Smith OBE DL, Corporate Affairs Director, Pinewood Group, and Adrian Wootton OBE, Chief Executive, British Film Commission.

HOUSE OF COMMONS

Examination of witness

Witness: Jane Tranter.

Q193 **Chair:** Good morning. Today, we continue our inquiry on British film and high-end TV. We have heard a lot about film so far, but today, we are very pleased to welcome one of the country's most successful producers of high-end television, Jane Tranter. Thank you so much for joining us.

Over the past five years, spend on high-end TV in the UK has outpaced spending on film. What explains that incredible rise, and what has that meant for you in your business and the work that you do?

Jane Tranter: There is a short-term answer and a slightly longer-term answer. The short-term answer is, very straightforwardly, "Game of Thrones". I think "Game of Thrones" coming to Northern Ireland and settling in the Paint Hall in Belfast, as it did all those years ago, really did two things—and I was part of the set-up back in the day, when I was at the BBC, that brought "Game of Thrones" into Northern Ireland. What was being done at that time—this was in the days before the UK tax credit had been brought in—was to place it in an area where the workforce, the whole creative community, was very strong but significantly less costly than in other areas of the world, and where they could access a tax credit from Ireland.

Having a television show that has film-like production values taking place so successfully within the UK was a real turning point. Having one of the most popular television series of that time—indeed, of all time—taking place with British actors was a turning point for the audience. It meant that, suddenly, the inward investment coming into the UK from the US was transformed. The introduction of the tax credit for high-end TV in 2013 further changed that. It is the combination of audience demand and US broadcaster/commissioner confidence, plus the tax credit, that really changed the face of everything for television.

Q194 **Chair:** We have heard that as programme budgets rise, commissioners and audiences expect programmes to look better. They want that cinematic experience on TV. Do you recognise that pressure, as a producer of high-end TV? How do British producers keep up with that demand and live up to it?

Jane Tranter: I definitely recognise that. To some extent, I built my production company, Bad Wolf, on the back of that. I had lived and worked for eight years in Los Angeles before returning to the UK, specifically to Wales, to start Bad Wolf. My mission then was to make programmes for a global audience from Wales using US-international co-production, so to be able to produce on a higher level. At the time, we were the only independent production company—probably to some extent, we still are— to do it, without a US studio or without a US broadcaster making it in-house. So I completely recognise that and, indeed, I leant into it.

But I think that is a world apart from what has happened around that, which is not about UK independent production companies making things that are home-grown, with a very strong domestic pay-off and boost, versus productions coming in from outside the UK—literally helicoptering in—taking advantage of our good crews and our comparatively good rates, and bringing their money with them, but then helicoptering out having not built any growth. The bringing in of these high-budget pieces has skewed our internal economic ecology in the television industry and has not built for sustainability.

Q195 **Chair:** Has that meant, almost as a net result, that quite a lot of the programmes that are made here need to appeal to American audiences rather than British ones?

Jane Tranter: To some extent. Definitely for anything on the higher-budget level—what we could call a band 3 and specifically a band 4 and above—you cannot make that without US funding. It is just not possible, or at least it has not been to date. There are things that we have to start looking at to try to make that possible so that we are not overly reliant on one pool of money.

But there are other shows. Most of these come from the BBC, but if you look at things like "Normal People", "Happy Valley", "Line of Duty" or "Call the Midwife"—the shows that are very important to British audiences—they are made with minimal American investment, and normally, that American investment comes at the back end rather than at the front end. I am sure you will get on to this, but I think that is the big change that we are about to see in our industry, as the world has shifted post covid and the strikes.

Q196 **Chair:** How do you think we go about rebalancing to fill the vacuum that you mentioned, where big overseas money comes in, does their production and then goes away again? What is the cure for that?

Jane Tranter: There are two things. The first is just encouraging more people to think things through in the way that we did Bad Wolf. The idea of starting Bad Wolf in the way that we did, which was through a private-public partnership with the Welsh Government, came to me when I was working in New York. I was lucky enough to work in New York on and off over an eight-year period. I worked initially with James Gandolfini and the team that he had built up while working for many, many years on "The Sopranos". On the piece I was filming in New York, which initially had James in it, before he died, I met his team. I looked at that team and they reminded me of the crews that I had worked with in Wales, because of their passion, their commitment and their dedication to the area that they were working in.

The second thing that struck me as really interesting was how intergenerational the jobs were. They were very much passed down from father to son. I am from, on my mother's side, intergenerational coalminers and, on my father's side, intergenerational weavers—until there was no coalmining and no weaving left. I looked at this and thought, "I have never looked at our business like this before, but why can't our business be like that?" In particular, I would like to see mother to daughter, not just father to son, obviously.

I thought, "Well, if they can do it in New York, why can't I do it in the UK?" I had worked in Wales when I set up "Doctor Who" there in 2003, and then briefly, when I was in Los Angeles, when we went to Swansea and we set "Da Vinci's Demons" there. I thought, "Well, we could set Bad Wolf there, and if I make a commitment"—which is very unusual for British independent production companies—"to film in one area, I can create something outside of just making drama. Because we are ruthless about saying, 'We will commit to this nation and film all of our studio stuff in this nation only', we can then have jobs 52 weeks a year."

So I built Wolf Studios Wales, which I am sure we will come on to, and I put a classroom in it in order to start training schoolchildren, so that they can get an understanding. Ten years pass really quickly in our industry—I am sure it does in everyone's—but, before you know it, the kid who is in your classroom aged eight will be looking for a job aged 18. So you cannot start early enough.

We started to look at a whole different way of making drama, which meant that we had our feet held to the fire through our accountability to supply spend and jobs to the Welsh Government, which we did—and then some and then some—and we could build crews and a creative community in one place.

Our industry is very mobile, so that is an unusual thing to do. Most people would set up an independent production company with funding from a studio or a broadcaster. I very deliberately didn't do that, because I knew perfectly well that if I had gone to an American studio and said, "Could you please help me fund Bad Wolf?", they would have said, "Yes, please use our studios in X, Y or Z in England". I wanted the independence to be able to do it differently. I could see the industry leaving Wales and I could see our opportunity to put some green shoots in there. I had seen what had happened on the west coast of America with Silicon Valley. If you build it, they will come. Sometimes you need to dream in order to create an industry, and that is what we did.

That is one thing. When you are HQ-ed in London and your productions happen all over the UK, you often don't stop and think about your accountability to however many people you are employing—how regularly you are going to employ them. When you do a production, it is not just about the 3,405 direct employees that Bad Wolf has had over the past few years. What is happening to the hotels, cafés, dry cleaning, newsagents, florists, bars, pubs—everything? What normally happens is that film units come in, land and change the town completely. Then they leave, and there is a piece of tumbleweed, an empty crisp packet and an empty hotel. I thought "But if we stay, there will be a constant churn and it will make a difference". If we can incentivise more people to do what Bad Wolf did, particularly—critically—outside the south-east and into the nations and regions, that will make a huge difference.

The second thing is that we need to look again at the television tax credit. The television tax credit has probably been the second most important thing that has happened this century for our industry. The most important thing was in 2003 with the terms of trade, creating independent production companies in a way that is different from how they are elsewhere in the world, which we can come back to if you are interested in that. The second thing was the 2013 UK tax credit, which I loved, but because it has not been used—it has just been used as a blanket—that is partly what has encouraged this mass inward investment. That has also been gratefully received, but it has not grown home-grown talent and home-grown shows.

We need to look again at the UK tax credit—first, because it was overlooked in the spring 2024 Budget. Film got a very high increase. The effective tax relief on film under £15 million is now 39.5%, compared with the effective tax relief for TV, which, I believe, is 25.5%, so it is a massive gap. That gap needs to be filled, particularly in the light of the comments you made at the start about the difference in how television is outpacing film in this way.

But we need to look at increasing the tax credit in a way that directly benefits home-grown domestic pieces. There are two things we could do about that. One is that we look at that increase in tax credit, if you are kind enough to give that, to be done only if it has a home-grown UK entity, whether it is an independent production company or in-house at a broadcaster for you. I am not just touting my own business here, but I think it needs to be given to someone who is living and working in the UK, with the responsibility for supplying jobs, growth and basic levelling up in exchange for getting that tax credit. So you put stronger guidelines in.

Secondly, on your point about how we manage without US inward investment being as fluid as once it was, we need to look at some of the lower-end shows—in particular, the band 2-type shows, which are too UK-focused to really attract any inward investment. They are becoming increasingly difficult to make, because budgets are increasing because of that US inward investment, yet the broadcasters' licence fees are not increasing, because the BBC licence fee and ITV ad spend are not increasing. It has got a bit out of whack.

So protection for those lower-cost shows, in the same way that my colleagues excellently got for the £15 million-and-under films in the UK, would be really helpful—that is one. And two: protection so that you have to ensure that it cannot just be that a US studio flies a production in and there is not someone there who has invested in the area—like Bad Wolf or other production companies—saying, "That is all very well, but I want to build a classroom. I want to train and level up. Are you employing the right people? Are you in the right areas of the country, so that we are not all focused in England?"

Chair: I love the thing about skills in the classroom and the studio, but we might come back to that in a minute. Before we do, let us move on to Clive.

Q197 **Clive Efford:** I just want to ask a follow-up on that—it is an observation, really. That was an absolutely wonderful story about what you did to embed it in a community, rather than flying in and flying out. I am a governor of a secondary school that does T-levels and has done BTECs, and those young people are looking for placements and experience. What education is attempting to do is line up the education with the industries that could employ those young people. It strikes me, though, that there is a gap between what education is trying to do—and it is trying to do the right thing—and the industry, which turns around and says, "Well, we haven't got kids coming out of school with the right skills." Did you succeed in marrying that up in what you were doing?

Jane Tranter: Yes. That was a huge thing that we did. The 2003 Bill emphasised screen skills, and areas that would cope with things like that were put all across the country. A lot of them are now being closed. I think that only six remain and, critically, there isn't one in Wales. There isn't one in Scotland either. The one in Scotland has closed, and the one in Manchester has closed. They are mainly crowded in the south-east.

When we started Screen Alliance Wales, which Bad Wolf did as a philanthropic thing, we did that in association with the Welsh Government, and we got other sponsors and most of the broadcasters who work with us, like HBO and BBC, to invest money in Screen Alliance Wales.

Screen Alliance Wales runs our classroom in the studio and they also get out into classrooms around Wales. In the time we have been doing this, we have had in the region of 52,000 engagements with local students, kids and, indeed, adults—because it's not just kids who sometimes need training and to find the right entry point. We have had 117 trainee positions and 405 work placements. We use Screen Alliance Wales to help create that bridge between finishing school and thinking, "I'm not quite sure what to do," and getting into the industry.

This is something that I feel really passionate about. I look very different today from how I looked when I started, because the years in the industry change you. I knew nothing and nobody when I started. Indeed, I came from a Methodist working-class family who thought TV was bad for you. It is quite a journey to battle your way through. It doesn't matter how much you teach it in schools, I think television can still seem a bit smoke and mirrors when you think, "How do I get a job?"

One of the things that Screen Alliance Wales does is go around schools and ask, "Do you think you'd like to have a job in TV?" Everyone goes, "Oh no, I couldn't do that," so they go, "Okay, let me ask you a question. Who likes cooking? Put your hand up and keep it up. Who likes geography? You can do locations and location catering. Who likes making things? You can be a chippie. Who's interested in physics? You can be an electrician." And so it goes around until there is very rarely a kid left—believe me, we always make sure that there is never a kid left with their hand down—who doesn't think, "Okay, working in television is not just about being in front of the camera or immediately behind the camera." We have to put the industry back into creative industry and really focus on the great group of people who work together to make us creative.

That direct engagement in schools is one thing. The other thing that SAW do is we go in and work with the University of South Wales, which is on our doorstep. We take a lot of people who come in, particularly for a lot of the digital work that we do. They have excellent schemes there and we bring them in, either directly into Bad Wolf or via Painting Practice, which is homed in Wolf Studios Wales.

We never expect anyone to come out fully trained. I am not interested in that. I am not interested in what degree someone has done. In fact, these days I would to some extent encourage people to not even get a degree, unless it's a passion of theirs. What I am interested in is their commitment, conviction, passion, enthusiasm and work ethic. We will train them. We will give them that time. We can do that because we are in one area and we are lucky enough to have a studio in which we can base that training.

Q198 **Clive Efford:** Thank you. I will go back to what I was supposed to ask now—

Jane Tranter: Sorry!

Clive Efford: No, no, it was me. Last year, inward investment for high-end television was 51% lower than in 2022, and the Welsh Government are saying that they are getting fewer inquiries. How do you account for that drop in inward investment?

Jane Tranter: Again, to give a short-term answer, everything stopped after covid hit. When covid kind of lifted and people began to come back, we had a big boom, but it was a false boom—it was about the productions that had been paused through covid being started again, although there was still a level of new things coming in too. That created a big kind of burst. There was a time, post covid, where rates just mushroomed, and that meant that a lot of UK-based companies were finding it difficult to get the budgets to work. Those are good problems in some ways, but you couldn't even get your camera equipment or your lighting equipment hired sometimes, because there were so many people descending on the UK to start filming. Then, there were the strikes.

Therefore, we had covid, which actually still carried its wound with it because, even though it looked like it was a boom, it wasn't—it was very fragile and was never going to hold—and then, on top of the wound from covid, we had the wounds from two strikes. The result of that was that the US began to change their strategy. They became more cautious. They had been hit by not only the loss of production during the strikes but the economic changes that the strikes—in a good way—have brought about. They have begun to not want to do so many UK co-productions as once they had, but rather kind of huddle their money into a sort of "fewer, bigger, better" approach.

At the same time, we have had this big boom in the streaming services, and that is beginning to sort itself out a bit. We have recently seen a lot of almost withdrawing-in of some of the streaming services; there have been a lot of job losses and budget cuts. That has all just made the UK industry very aware of how reliant it has become on inward investment, and how it was not always that way.

Q199 **Clive Efford:** Are we too reliant?

Jane Tranter: I built Bad Wolf on being reliant on inward investment, but I need to balance that out now. That is what the whole team—I am the only one of us sitting here, but loads of people from Bad Wolf would be saying the same things. We need to look at and rebalance it a bit, and not be concentrating so much on only the higher-end shows.

I think it goes back to the point that I am making. When we do have the opportunity for large amounts of inward investment, we have to ensure that that inward investment comes totally linked to some form of UK-based independent producer or production company, so that they in turn can ensure that there are benefits from making that piece in the UK that are tied to the local areas.

The rest of it basically just is what it is, and it is the same as in film. If you want to make a project, you go around to find the funding for it, and you shift the budget accordingly. It has become much harder, but you just have to try harder.

Q200 **Clive Efford:** What would help to grow domestic investment?

Jane Tranter: The regulation of the tax credit that I spoke about.

Q201 **Clive Efford:** Is there anything else? We are being told that that is becoming a highly competitive area—lots of Governments are now cutting taxes—so is it going to be an ever-downward spiral? Is it just a war in terms of tax credits, or are there other things that we can offer?

Jane Tranter: I don't think that the UK should be competing with elsewhere in the world on tax credits. The UK has to sort out what will be the best tax credit that it can get in order to grow its domestic film and TV. The recent Budget did that to some extent for the very hard to fund £15-million-and-under films. It needs to do the same thing for television. Somehow, television's voice just got lost in that spring 2024 Budget, and we need to amend that. That is one thing.

Then, we need to encourage more sustainability to stop the industry being quite so relentlessly mobile, which means that you don't have a chance to grow teams around you who are loyal to the nation and to what you are doing, and who can deliver high-quality productions cost effectively, based on training and experience.

Q202 **Clive Efford:** You have talked a lot about training people and giving them the skills; do we have enough skilled technicians to attract that investment?

Jane Tranter: No, we don't have enough, and that is a shame, because in 2003 there were many. When the whole ScreenSkills initiative was set up, there were a lot of them, and now there are not. That is why there is Screen Alliance Wales, which Bad Wolf has been privileged and fortunate enough to be able to start, but those are things that Government could happily do.

There are a lot of skills based in the south-east of England, but we need to push that out. We need to look at training in those areas where there are many people who would perhaps welcome the opportunity to work in this way but do not have the training initiatives. It cannot just be within schools. Although that is good, as you yourself point out, what happens after school? That is what we need to be looking at.

Q203 **Dr Huq:** I want to turn to AI. As politicians, we worry about the next election, with deepfakes and all of this stuff. Does Bad Wolf have a policy on using artificial intelligence in making programmes?

Jane Tranter: Bad Wolf has used some artificial intelligence, but we do it only in the area of virtual and digital production—so when we are doing things digitally—and that is about effects and landscapes only; it would never be in relation to an artist or a piece of writing, or anything like that. We are very strict on that, and even if we were not, our feet would be held to the fire by the artists' agents. Obviously, following this all being highlighted in the recent SAG and WGA strikes, our agents here are very up on all of that. We will use AI in the way that any industry would use AI—when we feel that it creates a significant benefit, but not when it is any form of replacement for anything that is creative. We are very strong on that.

Q204 **Dr Huq:** BBC guidance says that AI should never undermine the trust of audiences. Is that almost impossible to maintain?

Jane Tranter: I am so not an expert on this subject, but I think that the "AI" initials bring with them a sense of received fear or received mistrust. I am sure that the BBC is using AI in areas that I am sure you guys are using it in—in terms of admin or things that will make life easier and more efficient for people. The BBC is not using AI in the same way that Bad Wolf is not using AI.

Q205 **Dr Huq:** You talked about the strikes and the fact that AI was so central to those. Partly as a result of that, America has quite highly developed union agreements now. When you do these co-productions—I must say that something like "Sex Education" or "Saltburn" looks like a weird, Americanised version of an English school, but you still have "Doctor Who", which is so quintessentially British—is it the American regs that dominate or are we exempt because it is made in the UK?

Jane Tranter: Yes, it is the UK regs. Because of the 2003 terms of trade, everything that we do is run through our UK regs and contracts. We very rarely employ anyone under an American contract. We have something called a SAG waiver, for example, where we might employ American actors, but that contract is waived just for that one specific job. We are lucky in that we can protect ourselves from that.

I will just say something very quickly; this is just me being interested in these things, but "Sex Education", for example, wasn't actually a co-pro. That was actually something that was made with quite a low budget to start off with. The fact that they made it look like an American high school was an artistic choice. I don't know why I am defending "Sex Ed"—to be clear, it is not my show. It is interesting, because what you are picking up on is an artistic choice. Eleven, a very successful UK independent production company, shot "Sex Ed" in Wales, although they aren't based in Wales. They made that choice because they thought it would appeal to an audience. That perhaps links to your point about whether there is so much Americanisation in the pieces that we do that audiences sort of expect it. I personally don't think that is right, and nor do I think we should fuss over that with the streaming services. Audiences make the choices that they make, but we need to protect the right of companies like Eleven to be able to afford to make "Sex Ed", which is not an expensive show, but would be difficult to fund today.

Q206 **Dr Huq:** At least it wasn't in Transylvania. A lot of these Bollywood films are made in eastern Europe, but they superimpose Big Ben or something.

Jane Tranter: Yes.

Q207 **Dr Huq:** Last one from me. We have all seen the doctored royal photos this week, and I want to ask about post-production. When the director James Hawes gave evidence, he said that AI can change performances in the edit room. Do you have concerns about that? I think you said that you have some degree of concern.

Jane Tranter: I just don't know why you would use AI to change performances in the edit room; I just wouldn't do that. You can change performances in the edit room—you can tell the story in the edit room. The script is continuing to be written in the edit, when you look at what you shot, but I don't know why you would want to change performances. One of the things James might have been talking about was his work on "Andor", for which there was a lot of digital effects work. Perhaps there were enhancements of people who weren't human or whatever. It might be that he was talking about that, but I have never used AI in an edit—so far.

Q208 **Dr Huq:** Do you agree that we should have more protections, like they do in America? Should we tighten those things up?

Jane Tranter: I am not sure we have any less protection here than they do in America. I think that the use of image, or the use of AI to write a script, was a subject that was put under a spotlight because those unions, quite properly, were concerned and brought it out, but why would you do that? Why would you not want actors to create that from their human hearts and souls? Why would you not want a writer's voice to be heard? I am not there, but I do love a visual effect and I do love to use a volume wall. If AI helps me with digital effects and volume walls, bring it on, but it stops there.

Q209 **Dr Huq:** It would be an improvement on the old "Doctor Who", where they looked like a toilet roll—

Jane Tranter: Definitely.

Chair: I preferred it when Daleks couldn't do stairs.

Jane Tranter: Don't forget that they are the most malevolent, malign force in the whole universe, so be careful. They are well-known visitors to the Houses of Parliament.

Chair: Thank you very much, Rupa. Let's move to Simon.

Q210 **Simon Jupp:** I have all the DVDs to prove it. Jane, this has been really interesting evidence so far. Thank you so much for coming in. I want to talk about skills. I represent a constituency in the south-west of England, and I look at what you and the industry have done in south Wales with envious eyes. Finding the production talent that you need in different nations and regions is difficult. How have you built up that talent in south Wales?

Jane Tranter: To some extent, it was already there. I always said that in Wales, the talent was there but it just hadn't been given the opportunity, or it had crossed the border to get a chance somewhere else, or it was just hiding. Primarily, we did it through "His Dark Materials", which at the time was—I think it still is—the biggest fully fledged independent production that has been made in the UK. We just grew it. We had a vision. We thought, "All right. How are we going to make 'His Dark Materials', which is a phenomenally complicated production?" We had kids in the lead, and they need protection. You can't just take them out to the north pole, say "Go up that mountain," and shoot a tragic scene. You have to look after them; you are working with them in restricted hours. That's when we had the idea of—or rather actioned—the building of Wolf Studios Wales, so we could have a studio in which we could house a community of people who would grow together—and that's what we did.

We started off with a small group of people. Three of us—myself, Dan McCulloch and Joel Collins—worked together to create a community around us on "His Dark Materials" that was a community within Wales. We opened prop stores and a costumes department, and we had makers and painters. We just did all of it. While all of that was happening, I had to find the next show, and the next show, and the next show.

When we were building out Wolf Studios Wales, it was a bit like doing a house. We could afford to do only one floor at a time, and you lived in the dust and the rubble for the rest of it. Gradually, we were able to open another stage and another stage, as the productions grew bigger. Until, eventually, hundreds and hundreds of screen hours later, and having spent £584 million in the UK through our production spend, we have ended up being able to justify seven stages in Wolf Studios Wales.

That was a critical part of how we did what we did, and how we grew those skills. We do not own Wolf Studios Wales; the Welsh Government own that, and we have a lease, and have made a commitment. I think it is the only studio that exists anywhere in the world that was not built by property developers, and not built for profit. It was built by producers who wanted to build it to make the most cost-effective productions that they could inside it, and create a large environment to grow that community, and to train for those skills, in a way that would also allow us to create a working community.

Our industry is sometimes not an easy one to work in. When you are very mobile, it is often unfair. It is often hard to look for how you create a working community with fairness and ethos, how you are genuinely levelling up, and genuinely leaning in to employing people, with socioeconomic diversity. That is something that we do specifically where we are in Wales, giving time to train them and come through. You can do that because you are in one place. There's no reason that you can't do that in the south-west, no reason at all.

I would not have been able to do what I did in Wales without a public-private partnership with the Welsh Government. As I said earlier, I would have been buffeted to go to Leavesden or Pinewood or wherever, instead of being where I was and being held extremely accountable, in a way that I wanted and enjoyed, because I started a production company later in my career than lots of people do. I had taken a byway in America and a byway through being a commissioner of drama at the BBC. I wanted to do something other than just set up a production company. I wanted to have all this stuff outside of it. I am not the only person; I'm just the only one who has done it so far. You could do that; you've got the bottle. I don't know if Bristol is in—no, I don't think it is. You are further into the south-west, aren't you?

Q211 **Simon Jupp:** As far as you can go, almost. I get what you are saying. In terms of the industry and talent pipeline, I see colleges in my area doing different media production courses and stuff like that. What more could be done in different regions to encourage this talent to flourish? An awful lot of people I went to college with 20-odd years ago were interested in going into TV production, but now work in finance, because they could not find the job opportunities.

Jane Tranter: There is plenty of finance needed in TV production. We have loads of accountants. It goes back to my point that if you want to do it, there are jobs there. It has a very broad range of jobs. It goes back to what I said initially. I don't know where all those ScreenSkills initiatives that were set up in the 2000s have gone or why. I am sure I probably should, but I just don't know what has happened and why. That is what you need.

We have set up Screen Alliance Wales, which has been the single biggest driver of training, apprenticeships and work placements. It's not just for Bad Wolf; we do this across everyone. It happens to be housed in Wolf Studios, and Bad Wolf happens to have started it, and we fund a great chunk of it, but it is not for Bad Wolf. It is for anyone who comes into Wales. You need to look at that, and to start thinking about the tax credit, and how the tax credit can be specifically used to influence growth in the further-flung areas of the UK, so the south-west as well as Wales.

Q212 **Simon Jupp:** You have talked about how the Welsh Government have been very supportive. Have you ever tried to do a production where there has been resistance from a local authority in England or elsewhere in the nations and regions?

Jane Tranter: I have only really ever worked in Wales and abroad, and a tiny bit just outside London since 2015. I think most areas are really glad to have a film crew in, because it brings so much money with it. The Welsh Government obviously has one relationship with Bad Wolf, and then it has other relationships with travelling productions that come in and out.

For me, the most sustainable form of investment is to get people like ourselves to go into an area and stay, and then to hold them accountable, as opposed to saying, "Oh, Disney are bringing a show in. Let's give them an incentive to come and do it." Disney come in, they film for one season and then they go. "The Lord of the Rings" is batted all over the world, but "His Dark Materials" wasn't, "A Discovery of Witches" wasn't and "Industry" hasn't been. In terms of "Doctor Who" now, with its increased investment, we have absolutely secured that in Wales.

Q213 **John Nicolson:** Thank you so much for your testimony. A lot of it has really struck a chord. I loved the line where you said, "When I started, I knew nothing and I knew nobody." You also said you were Methodist and thought that TV was bad for you—I can so relate to that. I remember, with a family from the Outer Hebrides, being told me that you cannot watch TV on the Sabbath.

Jane Tranter: Yes.

John Nicolson: Or whistle.

Jane Tranter: Yes.

John Nicolson: Or cut your toenails. That was a big thing: no toenail cutting on the Sabbath.

Jane Tranter: No, I think that is just you and your family—the toenail cutting. I have never heard of that. Thank you for sharing, but no.

Q214 **John Nicolson:** I can tell that you have just had one look at me and realised what an odd family I come from. It's a miracle I am as normal as I am, to tell you the truth.

You also talked about self-confidence. When I entered TV myself, through Janet Street-Porter's youth television, I had no background in TV and I was the first of my family to go to university, and I was struck by just how self-confident many of my contemporaries were, especially Oxbridge people. I would go into meetings and listen to people who were just my age pontificate with this incredible self-confidence. I would sometimes think, "That was a very obvious thing they said, but they said it with such self-assurance." I don't think I would ever have put up my hand to say those things, because I just thought they were obvious. Did you find that?

Jane Tranter: Yes, for sure. As I said, I was very different then.

John Nicolson: What do you think the big differences are?

Jane Tranter: At the time, I did not have the self-confidence, but I knew I wanted to work in stories and in television—maybe that was partly because I had not always been allowed to watch whatever I wanted. It is interesting to me that I went in as a woman, and I went in, not Oxbridge educated, as a secretary. Now I am really glad that I did; it suited me.

Q215 **John Nicolson:** That must be an almost unique trajectory, from secretary to where you are now. This is not because people lack talent—so many people have talent—or even ambition, but there is a lot of snobbery in the industry, isn't there?

Jane Tranter: It has changed a lot. All I would say is that there was a small handful of women. Verity Lambert went in as a secretary and ended up as Verity Lambert—it is amazing. I did the same. I was very lucky, in that I was very gritty. Being a secretary enabled me. I say to people today, "Go in as an assistant. Go in as a runner. Go in as a receptionist and look around. Work very hard to be the best secretary, assistant, runner, receptionist that you can, and hide your intent while you're looking around and seeing how the industry works."

John Nicolson: Hide your—?

Jane Tranter: Your intent, and what you want to do next.

John Nicolson: Be modest?

Jane Tranter: Yes, because nobody wants someone going in as a receptionist and saying, "But actually, what I really want to do is direct." They think, "Okay, but could you please let me in with a smile on your face?" That is a lot of what we do today at Bad Wolf: ensuring that no one who goes in is, as I was, one of the very few women or one of the very few people who was not Oxbridge educated. I was very lucky, because in those days the BBC had a very strong training system.

John Nicolson: I remember.

Jane Tranter: I was given an attachment as a training assistant floor manager—nowadays that would be called a second assistant director—and I got out from behind the desk after a couple of years and on to the production floor, and I was allowed to work my way up and through. For me, the gradual lack of confidence, perhaps, in what the BBC can offer us has been a critical part of how training has changed in the UK, hence our having to do those things for ourselves. Those training courses are not offered any more; I was very lucky.

Not looking back on the industry as it was when I was young, but looking at it as it is for young people today, there is a certain amount of confidence that a youngster needs to have going into our industry, or indeed any industry. It is very tough for young people today.

Q216 **John Nicolson:** We have the director general of the BBC before us tomorrow, and I am getting a lot of messages from people who say that they feel very insecure, because they are freelancers and there are long gaps between contracts. They say they are not given enough support—particularly if you come from a working-class background, you do not have the financial wherewithal that some folk from middle-class backgrounds have to sustain those periods of unemployment.

The other problem is that there is still an issue with people being given job experience that is unpaid. If your parents can look after you during that period, fine—but if you do not come from that background, you cannot afford to work for nothing or almost nothing.

Jane Tranter: I'm sorry to sound like a stuck record, but I go back to Bad Wolf's experience with Wolf Studios Wales. You might get a contract on one production—people are employed production by production, because that is the way it goes—but, if you are in one place, one production finishes and another one starts. Our crew move upwards through the ranks of the crew because they have their own form of training and we are constantly filming, 52 weeks a year. We are in one area and we run a number of productions through that one area at one time, so we can do that.

That is one thing. The second thing is that we have to remember is that we have worked hard in this industry and, if you got your production company in this way, you can absolutely put your foot down and say, "Right. We need to be the most inclusive that we can be." There are a lot of people who make massively brilliant contributions to our industry who come from the poorest of backgrounds and need to find a way in, or who have all sorts of different forms of neurodiversity and therefore have all sorts of different ways of approaching people, problems, a piece of creativity or whatever it is.

Our industry needs to be as inclusive as it possibly can be, from the bottom up, the top down and the middle out. If we do not do that, we will not be able to reflect the stories of all our lives properly on screen. If we get that right, we will build people's confidence. It was not inclusive when you and I first started out.

Q217 **John Nicolson:** It certainly was not, and as a TV presenter coming out as a gay man, I can tell you just how hostile and angry the bosses were—

Jane Tranter: Very hard—I can imagine.

John Nicolson: —which was not at all my experience with viewers. The viewing figures for the programme I was working on went up.

I want to ask you about Channel 4. A lot of people, including Screen Scotland, in the industry say they are very keen to increase the out-of-

England quota to 16% to reflect populations. What difference do you think that would make to the industry? We had a witness before us who I did not think could answer the question effectively, but the implication from Channel 4 bosses seems to be that the talent is not there, and that is why they can't—

Jane Tranter: That is just bollocks.

John Nicolson: I agree with you completely, but that is their position. Watching it as you do so closely, why are they failing to get that quota up to a fair percentage of the UK population in our two nations?

Jane Tranter: Because I just do not think they are giving it the opportunities. I have spoken about this before: I am often asked why I put "Doctor Who" into Wales when I was controller of drama at the BBC and I brought back "Doctor Who" in 2005. I put it into Wales for three reasons. One was because Russell T. Davies is Welsh and, although he was living in Manchester, I thought I would either be making it in Manchester or in London.

I did not see the point in making it in London: we were making lots of other things in London, so why would you do that. Then I thought we would make it in Manchester. Then I had a quota that I had to fill at the BBC for what needed to be made in Wales, so I thought "Doctor Who" would be helpful for that.

Q218 **John Nicolson:** And you did not want to do lift and shift?

Jane Tranter: No. Scotland was doing very well at the time, we had had "Monarch of the Glen" and "Hamish Macbeth", and I felt it was on a bit of a roll. But that is proof that you cannot rely on these things—just one production will not fix it—and it must be sustainable. You have to constantly be working to get a proper production powerhouse bedded in.

I have autistic children who are often considered to be problem children, and in my view they are the best children in the world. I think they are magnificent and in fact the problem child is the child that we should all keep our eyes on. The problem child might be a problem—if they are a problem— because they are unloved, and that makes them seem unlovely.

Emotionally, I felt that Wales felt unloved and therefore it had become unlovely. It just had not had the opportunities to make what it needed to make. So I asked Russell T. Davies and Julie Gardner, "As 'Doctor Who' is going to be in a studio somewhere, what do you think if we build a studio in Wales?" They are both Welsh and they said, "Great, let's go for it." Everybody was there, and everybody still is there.

They are there in Scotland, in Northern Ireland and the south-west of England. You just need to put a focus on them, give it a bit of time, because it does take time, and hold people accountable to stay. You cannot have people going in and out for a quick buck. Whether it is British producers or American producers—any producer from outside—you have to hold people accountable and stay.

You have to change the rates on the studios—I have to say this before I forget. Wolf Studios is really important in housing all of the things we do in Bad Wolf. The rates on warehouses being used as studios have been massively increased. The spring 2024 Budget gave a nice 40% relief to studios in England. The Valuation Office does not count in Scotland or Northern Ireland, so it is only Wales that has been left out.

That means my rates in Wolf Studios Wales have had a 272% increase, which is the equivalent of £3.4 million over four years, and will put the studio out of business. I think it was an oversight, like I think television got left off in the consideration of the tax credit in the spring 2024 Budget—thank you for film, but television got left off. Similarly, Wales got left off the relief offered to studios in England. Which means that all the big studios and big earners—Pinewood, Leavesden—have relief, and what we are doing in Wolf Studios Wales will be under significant threat unless we can get some help.

John Nicolson: A metaphor for Wales and the Union, I suspect.

Chair: We will come on to the studios with Damian in a minute.

Q219 **Giles Watling:** Thank you so much for your evidence today, Jane: it is really fascinating. I kind of get why you chose Wales now, after your answers to John Nicolson. When you went in, as a small group as you said earlier, and started this incredible studio complex, did you import people? As we all know, it is largely freelance, and a great film editor can come from Glasgow, London or wherever, so did you import people in, or did you make a deliberate effort to grow local talent?

Jane Tranter: We obviously made it a deliberate policy to grow local talent, and, when it wasn't there, we trained for it so that it would be there in years to come. For "His Dark Materials", for example, it took either five or seven years to make the three series. I think it may have been seven years in total, from the beginning—reading the book and thinking, "We'll do it,"—to the end. That gives you a chance to train for it. It was a mixture of things, really; for example, we brought in Joel Collins to be the production designer on "His Dark Materials" because he had come from "Black Mirror" and he had that level.

Q220 **Giles Watling:** Of course, because of your experience here in the BBC, and in America and so forth, you will have worked with some of the great people and you would want to bring in those people.

Jane Tranter: Yes; I brought him in, but he then brought in a Welsh design team and a Welsh construction company, 4Wood, which we grew. A lot of those SMEs grew around what we did—the people who built the sets or the people who supplied us with the scaffolding. You might bring in a few people in order to guarantee that this show is going to be made, but then you work and you train, and the next time around you do not need to bring so many people in—and then the next time around you do not need to bring any people in.

The three of us—Joel, Dan and myself—had a vision for what we could go on to do. The only thing that we have not achieved in that is that I had this vision that we were going to have a small farmers' market outside the studio. If you come and look outside the studio now, you will see no farmers' market, but instead a massive place where what we call "the village" is parked—where all the make-up trucks and everything like that are. We became much bigger than I had ever thought we would. The farmers' market is still to come.

Q221 **Giles Watling:** Your presence has regenerated an entire chunk of Cardiff, I would imagine—have you seen that effect?

Jane Tranter: I think sometimes it is that sort of Victorian rail worker thing: "You build it, and people will come." So there has been a big regeneration and we did put Wales under the spotlight and say, "Listen, this is what people can do here."

Q222 **Giles Watling:** You just mentioned your vision, and that fascinates me. As a very young man—I was 21 years old—I took on the production of a theatre. I had no clue what I was doing, but the plan sort of evolved. Did you come in with a plan, or did it grow as you went?

Jane Tranter: No, I came in with an instinct and a vision. I knew that I wanted to make "His Dark Materials". I knew that I probably had to have a studio to do that. I had taken my work from studios in New York and brought that over, and I had people around me who helped make this. Often, people said I was crazy—I mean, literally—and that probably is true, but at least I can cut my toenails on the Sabbath; I am not that crazy! But, I just said, "This is what we are going to do, and I believe." Sometimes, you just need to take that leap of faith.

Having that private-public partnership with the Welsh Government meant that I had to run it really strongly as a business. I had to account for every job. I had to look at everything that we were doing and every pound of spend. You cannot waft your way through anything—not that you usually can, really, because our industry is too hard for that, but it meant I had to grow it in a particular way.

Q223 **Giles Watling:** Did you have to get business advice on this? Nobody is born ready for that.

Jane Tranter: Honestly, I cannot tell you how much advice I had, and I cannot tell you how much I would just sit in a room and talk about these things, and then everyone else would go out and do it. I am the spokesperson for it, and proudly so, but it is so much about the work and advice and input of other people. What I did was to be the one who kept saying, "The top of the mountain is nearby; come on, everybody!"

Giles Watling: And keep that vision strong.

Jane Tranter: Yes.

Q224 **Giles Watling:** I want to talk briefly about the people—about the freelancers—that we all know work in the business. We know that the hours can be incredibly long, and there have been accusations over the years about bullying and so on. We also know that there is a skills crisis because people are leaving the industry. I understand that happening throughout covid, because people went off to make a living—they are freelancers; they had to do something—but now that we are post covid, why are they leaving the industry? Is it because of business practices?

Jane Tranter: I think you make a very good point. I don't think that we have a skills crisis so much as a retention crisis and a sustainability crisis. It is partly about the mobility of our industry, which, again, is why we are very lucky that, if we are based in one area and we film mainly in Wales, when we go out and we are not filming in Wales—and we are travelling—that is the minority of the time rather than the majority.

That means that people can work from home, which is a huge thing. I am incredibly strict that we have five-day weeks. I always say that I want to get everyone safely home to their families on a Friday night, and I want to bring them safely back to work on a Monday, no matter where they live in Cardiff, Wales, or elsewhere in the UK—whatever it is.

Q225 **Giles Watling:** That is a mental health thing then, isn't it?

Jane Tranter: It is. I think that, for me, the retention is the next thing, probably more than AI—but that might just be because I am not bright enough to see further. For me, the next thing is about actually looking at our working practices. Filming days are long because you are often chasing the light. Although they are regulated, and anything outside of that is overtime, they are long. If you are on camera at 8, people are often in costume and make-up from 5.

How we do that is a real issue because, if you shorten the days, you up the production budget, but I do think that how our industry looks at mental health—whether it is about retaining people or not, it is just for the good of the people we are employing—is really the next big thing, for sure.

Giles Watling: It must also be remembered that we live in a very damp climate, and you have to grab every moment of dryness during the day's shoot, so that is why you have to be up before dawn.

Jane Tranter: We know that very well, yes.

Q226 **Giles Watling:** Absolutely. Earlier you mentioned inward investment and American investment being a very important and large part of the industry. Does that make it easier or harder for producers to improve the working culture?

Jane Tranter: If you are an independent, the working culture is your own, so you are responsible for that.

Giles Watling: No matter where the money comes from?

Jane Tranter: Well, no, the money comes in to the independent production company, but how you are setting that up is that you are working in the UK, through the UK terms of trade, through the UK

PACT/Equity contracts or whoever it is—the Writers' Guild of Great Britain or the Directors Guild of Great Britain—so we work in that way.

Q227 **Giles Watling:** But you do not get undue pressure from foreign investment to deliver by a certain date, and so on?

Jane Tranter: You work it through with them. Actually, often, in some ways the Americans are better at that than our British broadcasters, because they have that little bit more yield in their budgets. Bad Wolf has one of the best—we are really big on every health and safety policy and every aspect of human resources, and, with a lot of those, we have made improvements because we have looked at what HBO or Disney+ do, for example, and we have taken the best of it. I do not find any sense of them saying, "Come on, come on, cut corners," or anything like that. Nor do I think that you can cut corners in those sorts of things in filming. You do that at your peril.

I like the fact that our Bad Wolf HQ is in Wolf Studios Wales, which means that I can see what is going on around me all of the time, and I can keep an eye on it. It is not a film unit that is happening miles and miles away, when you are often thinking, "Well, what are they doing?"

Giles Watling: That is because you have centralised things.

Jane Tranter: Yes.

Q228 **Giles Watling:** Finally, in 20 minutes I am going to be asking the Chancellor a question, and my question is going to be about tax breaks for our cultural offer. What would you ask the Chancellor?

Jane Tranter: I would ask the Chancellor to consider improving the television tax credit in the same way that the film tax credit has improved. It needs to go up by the same percentage. I would ask the Chancellor to look at improving things beyond that for UK independent production companies so that if an American production wants to come in, they will only get an enhanced tax credit if they are working with a UK independent production company, which is there in order to ensure that all that other good stuff is done around it—so it is not just flying in and flying out.

I would also ask the Chancellor to look more favourably on those outside of south-east England—I am very careful not to say all of England because of our other friends here—and in particular the nations and the regions. And I would ask the Chancellor to look favourably on the slightly lower-level UK shows—the band 2 shows—where we do not get as much US money.

Giles Watling: Sadly, I don't think the Speaker would let me ask all that.

Jane Tranter: To put it more simply, then, I would say that I do not think there is a one-size-fits-all solution. It is not just a glob of, "Okay, here's a tax credit," because that could benefit in the wrong way. You have to think about the nations and regions if you want to level up.

Giles Watling: You need to tailor it.

Jane Tranter: Yes.

Q229 **Damian Green:** Good morning and welcome. I am delighted to hear what you are doing about the diversity of entry into Bad Wolf. I like to think that things have improved since I started at the BBC. I was on a journalist training course that had six people on it, and there was diversity there in that only five of us were straight out of Oxford—there was somebody there from Sussex, as well. I hope the BBC has become slightly more sensitive in that area since then.

Turning to the business rate relief, I have been frantically googling whether the Valuation Office Agency is a devolved body, but it does not seem to be. Is it just that Wales has been left out, rather than its being for the Welsh Government to do?

Jane Tranter: Yes. I think it is a mistake—she said generously—because maybe there was an assumption that it was devolved. I get very confused, to be honest, about what is devolved and what is not. Immediately it happened, I went straight to Dawn Bowden and said, “Oi!”, and she said, “This one is not devolved.” It is a critical thing for me to raise here because, although it seems like a separate thing, I have made Bad Wolf to have a 360-degree business and production model in order to be able to do the things we do outside of just making the productions. That is being endangered by the increase in the rates.

Q230 **Damian Green:** It specifically hits you, doesn’t it?

Jane Tranter: It specifically hits Wales, but it is not just Wolf Studios Wales. There is Seren and there is Dragon Studios, but they do not do what we do. They are more, “Come in and film—everyone welcome.” We are the only one with a production company that lives in the studio and pushes all its production through that studio so that we can do all the other good stuff around just making the productions.

Q231 **Damian Green:** Have you been in contact with the Welsh Labour Government?

Jane Tranter: Yes. I have spoken to Dawn about it. When the rates thing came out—I think it was April 2023 when it first appeared—we worked out that it will put us out of business, because we will never, ever cover it. It will be an additional £3.4 million over four years. That is huge in our business of renting studios. Remember, Wolf Studios Wales is not a property developer. We are not looking for big money. We are there trying to make our productions work in a home that people can come to 52 weeks a year. It is a slightly different model, and that will crush us. Why would Wales be left out?

There was something, if I am honest, about the last Budget that was, “Okay, this is good for film, this £15 million and under, with film agencies based in London, and it is good for England because of the studios, but if you’re TV and you have a studio in Wales, it is really bad.”

Damian Green: As you say, let’s hope it was a mistake that can be corrected.

Jane Tranter: I think both those things were. As I said to Adrian on the way here, I think they lobbied really well and very effectively, and their voices will be heard, and people like me were sitting in a shed in Wales and our voices were not heard. That is on us as much as anyone else, but I have a voice now, and this is the question to ask.

Chair: You're using it beautifully, by the way. I am making furious notes.

Q232 **Damian Green:** I think you have convinced us. I have one follow-up question. What else would you like to see the UK Government or the public service broadcasters do to grow a studio infrastructure outside the traditional area in the south-east?

Jane Tranter: I would encourage people to look at more of the public-private partnership that we have benefited from in Wales. I think the BBC needs to be taken care of. Its role, like all our roles, changes over the years, but where the BBC is second to none is in its ability to develop projects. I am talking drama here, as that's the only one that I know really. Its ability to develop projects and to provide opportunities needs to be looked after. It is all about putting in training, bringing back the ScreenSkills initiatives and potentially setting up development funding in areas outside London, in the nations and regions, and giving them to people who are committed to that nation or region to run so that we can see the benefit.

I did that as a private individual with a public relationship. I would encourage everyone to do that, but I think there is more that the public side can do to help, too. Wales has been brilliant; there is no doubt about it. Wales, seeing the coalmining and steel go, and seeing some manufacturing—jeans factories or whatever—shut down, really looked at the creative industries and thought, "Okay, what can we do here?" We are a small example. There could be more, and there could be more across all the nations and regions.

Sometimes, I think the debate has got skewed. When people have talked about, "We need to push more and not be so centralised," they have often said, "Let's put an HQ in the nations or regions," "Let's move this Department out," or, "Let's put Channel 4 somewhere," but it is not about that. No one cares where a small group of office people are. It is about jobs for people, levelling up—it is, "Let's get industry going here." I do not mind coming to London to meet the people who have their hands on the money, so long as they let me spend it in the area where we need to in order to get the jobs and opportunities going.

Chair: Thank you. Last but certainly not least is Alex.

Q233 **Alex Sobel:** Thank you, Chair. I used to be on the Environmental Audit Committee. All the progressive things you have talked about also operate in the circular economy. How can the rest of the industry be incentivised to address the vast amount of waste that happens in the film and TV industry? What particularly can be done for small, independent production companies in that area?

Jane Tranter: Again, it is about control over the space, although I do not think it should be relegated to that. If you are going to film on location somewhere, you have to be ever more mindful of what your footprint is, but it does mean that we can start, within Wolf Studios Wales, good custom and practice in what we are doing. The Albert scheme is something everyone should sign up to and take seriously. We then let as many people as possible know about it—obviously everyone who is working in Bad Wolf HQ knows about it, but also on our productions everyone knows what we are doing and becomes invested in it. They have choices about what they do.

For example, I am always keen to have two meat-free days a week, say, which saves in so many different ways. I have not managed to make that happen yet, but I think we allow people to come forward to have a say in what they feel that they can, as individuals, contribute to make things happen. As a result, our studio and our productions have done well on that level.

Our industry is an industry and it is highly industrialised. At some point, it needs to be about more than electric charging points, paper cups, non-plastic, what we are eating, how we are clearing up and so on. At some point, it needs to be about proper use of green energy. That is not my story—that is another story—but if we can boost that, then Bad Wolf and Wolf Studios Wales would use that and so would the industry.

Q234 **Alex Sobel:** The film and TV industry is a big user of energy—

Jane Tranter: Yes, it is.

Alex Sobel: Both in production and, in particular, in streaming. There is a greening of streaming initiative, but is there anything in production to try to reduce energy use and to move the conversation?

Jane Tranter: There are all sorts of things. Having a studio, and building more in the studio, means that you do not take the trucks out on the road so much. I am not across the use of energy in streaming, but I know that it is huge. Certainly, it is about just moving less. You cannot always do that for every production, and then it is a question of how you move. It would be better if we could move in a greener way. That is one issue that I am not likely to solve, but if someone else did, I would use their solution, if you see what I mean.

Alex Sobel: Yes, that is something we need to work on.

Chair: Jane, on behalf of us all thank you for appearing today, for all your time, for all your answers, and for giving us so much to think about—there was some really useful info. If there is anything else you think about afterwards, please drop us a note and we will add it into our inquiry.

Jane Tranter: Thank you. I really appreciate you taking the time to look at this and to ask the questions, so thank you very much.

Chair: It was a great pleasure to see you. Thank you very much.

Examination of witnesses

Witness: Neil Hatton, Andrew M Smith and Adrian Wootton.

Q235 **Chair:** In our second panel, we will be hearing from Andrew Wootton OBE from the British Film Commission, Neil Hatton from the UK Screen Alliance, and Andrew M Smith OBE DL from Pinewood Group. I hope I have all your titles there, Andrew.

Before I begin, I should put on the record that the Committee was warmly welcomed to Pinewood Studios on a visit in February last year, and that I am hoping to reschedule a planned visit to Shepperton Studios in the coming weeks. Thank you all of us—no, all of you. Sorry, I am away with the fairies today—too much cold and flu medication. Thank you all for joining us today. It is a great pleasure to see you all and we are really grateful for your time.

I'm going to kick off the questions. We have heard about the appeal of British crews' locations, tax reliefs and how they have made such a success of British film and high-end TV. What are the other vital factors that inward investors are looking for, Andrew?

Andrew M Smith: There are a number of factors. Obviously, we have some of the best crews in the world, and this Committee has already heard about that. The film and high-end television tax reliefs make the UK an attractive destination. The BFI produced the "Screen Business" report, and I should declare an interest as one of the governors of the BFI—it is giving evidence to the Committee later on. When surveying producers, it found that if the UK did not have those tax reliefs, production spend would decrease by 92%, and that is evidenced in that report.

It is about the crews, the tax reliefs and the infrastructure—we have some amazing studio facilities in the UK. A little bit like with Bad Wolf, that is why we have seen Disney make long-term agreements on every single stage at Pinewood, including for its subsidiaries of Lucasfilm and Marvel. Amazon has taken nine stages at Shepperton on long-term agreements, as has Netflix, again at Shepperton. Looking at those with Warner Bros. at Leavesden and Sky/Universal, the four biggest film and high-end television companies in the world have made their long-term homes in the UK. That is not production by production: it is actually their homes, which also provides lots of additional indirect, direct and implied benefits by having them here now. As I think the Prime Minister said when he announced the package for the creative industries in the Budget, we are the second-largest production hub outside of Hollywood.

Q236 **Chair:** Neil, from your perspective, what is it that attracts that investment?

Neil Hatton: As Andrew says, we have really good visual effects artists and crews in the UK—in fact, four of the largest visual effects companies in the world were founded in the UK and are headquartered here. But over the past few years we have not been serviced that well by the tax credit because of the issue of the 80% restriction on the amount of spend that can be incentivised.

What has been happening is that people have been coming to the UK to film and, once they have used their budget up to film, they get to the 80% cap and there is no more tax relief left, so off they go to other parts of the world to seek tax relief in other jurisdictions. Canada is a very popular destination. That is why we welcome the fact that this has been fixed, certainly in part, for TV and high-budget film in the spring Budget. Giving VFX an exemption from that cap means that you can now get to the situation where, if you film here, you can do your VFX here. Usually, it is one or the other—very seldom both. Now we will really see that the UK is world class and has been right from the beginning.

We have a long track record of winning the VFX Oscar; I think there it was eight years in a row when we won it for films such as "Gravity". "Ex Machina" is a much smaller film that is probably not as well known, but we certainly won the Oscar for that in the UK. We have the track record, we have the people and now we have the legislative environment coming to sort that out for us now. We have a very bright future.

Q237 **Chair:** You are a happier man this side of the Budget.

Neil Hatton: Indeed—much happier.

Q238 **Chair:** That is good to know. It is good to see you happy, Neil. Adrian, can I speak to you about European works? It has come up quite a lot in the evidence that we have taken so far. How significant is the potential risk of the UK losing European work status? What would it mean for us and our competitiveness?

Adrian Wootton: There are a lot of conversations going on about European works. I cannot say that we at the British Film Commission are the policy leaders on that. The British Film Institute is, and they are leading a strategy group involving the broadcaster and lots of other people.

Looking at that issue, I think everyone said that, if there was a change with the European Commission, that could have some very negative influences on the number of productions made in the UK. However, as I said, the British Film Institute is very much leading on the strategic response to that.

As far as the British Film Commission is concerned, what we have been doing is acting in a far more granular way. What we have been doing ever since Brexit is reaching out to our partners across Europe and forming a whole series of new agreements. It started with Spain and Italy. We are working with France, Austria, Norway and Malta to basically say to our European partners, "Look: we are one of the largest production hubs in the world. An enormous amount of production bases itself in the UK and then goes out across Europe. It is in our mutual interest, though we are competitors, to work together and for there not to be barriers and blockages between productions moving across Europe."

As a result of the variety of MOUs that we have signed since 21 October, Spain changed its working permits and visa systems and a whole range of European countries have actually changed their tax relief credit systems to harmonise with the UK in order that we have a much more seamless relationship between those productions that are moving between territories but are based in the UK. That has been our response in a sense to trying to ensure that we can actually work across Europe and that our production partners can work across Europe on a very much granular level while the discussions on European works continue on a political and strategic level.

Q239 **Chair:** You may not be the right person to answer this question, but I am going to ask it anyway: is there anything that the Government should be doing that would help you in your endeavours to build those relationships with Europe?

Adrian Wootton: Obviously, it is a very complex thing. I think that the BFI would very much welcome the Government being actively engaged in the work that it is doing, which looks at the mutual benefit between us and Europe of the UK being inside rather than outside the quotas.

Q240 **Chair:** Did anyone have anything to add on that front before we move on?

Andrew M Smith: I agree. As Adrian said, the BFI is really leading the charge on that one. I think that it is coming to see you in a few weeks' time.

Chair: Yes, it will be here to see us—let us hope so.

Q241 **Clive Efford:** Thank you very much for coming to give evidence to us. How concerned are you that last year, inward investment for high-end TV fell from 51% to 46%? What factors, other than the US strikes, are or were to blame?

Andrew M Smith: I think a number of members of the Committee met with the British Screen Forum last week. There was a presentation that concluded that as a result, the content arms race has come to an end. I think that what you have now seen—Adrian can give a bigger picture on this—is that the number of film and high-end television productions will probably fall back to a more normalised level.

Again, look at some of the comments in the press by the likes of Bob Iger recently. He said that we are going to make less and focus more on quality. Paramount made a similar comment recently about improving return on investment by lowering the average cost per title, and others have made similar comments. I think there has been a rebalancing, and growth has normalised. However, the good thing in the UK is that by having permanent homes for the big US studios, if there is going to be less production, it will be made here.

Adrian Wootton: I completely agree with what Andrew said, but I would add two things. One is that you cannot underestimate the fact that the strike is a once-in-a-century experience. It is something that has not happened in 65 years, and there are definitely underlying shifts—there is definitely a concentration, a shrinking, a consolidation. However, as Andrew said, there is the long-term investment that the studios and streamers have made in the UK and the attractiveness that both Neil and Andrew described.

I would add that there is all the soft power about the English language and the acting talent base, not just the crew base, in the UK. There is also the fact that we now have seven production clusters, not one, around the nations and regions. There is the fact that that whole area has massively expanded in the nations and regions over the last 10 years.

Jane talked about what is happening in Wales, but what has happened in Scotland is that there has been something like a 58% increase in production between 2019 and 2021 and something like a 185% increase in inward investment between 2019 and 2021. There is a phenomenal increase all over the UK nations and regions, not just in London and the south-east.

The strikes stopped us dead in our tracks—there are no two ways about that—and there were some other underlying, slower, additional causes. However, I was in Los Angeles two and a half weeks ago with a delegation of the UK nations and regions, where we were actually talking to all the studios and streamers. What I was really encouraged by—and this was before the fantastically welcome announcements in the Budget—was that to production companies, both large-scale and independent, everyone said that outside of north America, the place that they most wanted to make content was the UK. It was with UK talent, in the UK nations and regions, working with UK studios and taking advantage of UK visual effects. Actually, a week later, we made it much, much more competitive and attractive for them to do more with us than they would have been doing otherwise.

Q242 **Clive Efford:** You say that the contraction is to be expected because people are looking to invest less but profit more from doing this, effectively. If we were to look at other countries that attract inward investment, would we see a similar sort of drop?

Adrian Wootton: The answer to that is: unequivocally. Everywhere around the world that had large-scale inward investment production pretty much stopped it during the latter part of 2023. It is fair to say—again, I have very close relationships with our European and Canadian partners—that we have gone back. Even though it is slow and 2024 will not be what the beginning of 2023 or 2022 was, it is starting to go back. There are major film and television starts happening in the studios of the UK nations and regions as we speak, and that will be further escalated by the changes made in the Budget.

That is not to underestimate what has been said about crews—there's no two ways about it: crews have suffered terrible hardship. We are not going to get back to those employment levels in three or four months; it will be an accumulation. But they will be going back to work because that work is coming in, and with the tax relief changes we will be more competitive than we were just a few months ago.

So I am cautiously optimistic. It is not necessarily going to be at, say, 2022 levels, but I do not think it will go back to where we were in 2017 or 2016. We are an incredibly competitive place to make high-end film and television, and we have put the measures in place to continue to be attractive in a ferociously competitive market where you hear a new tax relief announced every week in parts of Europe and other parts of the world. I think we have put measures in place to combat that.

Q243 **Clive Efford:** Would you say that we have the studio capacity to make the most of that demand?

Adrian Wootton: For the last three years, the British Film Commission has been involved in a major exercise working with our colleagues at Pinewood and Leavesden. But there is not just that: we have increased studio space by nearly 40% in the nations and regions over the last three years.

We went from a situation in 2020 where we had 3,000,000 square feet of studio space. By 2025, that will have reached 6,000,000 square feet of studio space—and not just concentrated in London and the south-east; Jane mentioned the studio developments in Wales. There are also additional studios—Pyramids. Wardpark has been there for a long time, but there are a number of new studio spaces in Scotland. There are also new studio spaces in Liverpool, the extension to the Bottle Yard Studios in the south-west, and additional stages being built in Belfast harbour.

So the one thing I am not worried about in that sense is studio capacity. We have the studio capacity to meet demand. What the UK and international industry are now working very hard on is to match the skills with that studio capacity. That is the key question. The industry is making a very sterling effort to try to match what has happened and what the British Film Commission has done—we have been involved with pretty much every one of those studio developments across the UK nations and regions as part of the additional support we were given by the British Government to stimulate studio development. Now, the challenge is about skills.

Andrew M Smith: If you had asked that question four or five years ago, we would have said that there is not enough capacity. In fact, we would have evidenced feature films going to other jurisdictions because we did not have the capacity. We now do have that capacity in the UK—not just around London, but in the nations and regions.

We have planning permission at Pinewood to build another 25 stages. We are going to adopt a very cautious approach to that development because we want to see where the demand is going, but we certainly have sufficient facilities throughout the UK, and many more are coming onstream. We have talked about the Bottle Yard Studios—they are building four more sound stages. There is also Littlewoods in Liverpool.

There are plenty of examples, including, of course, Sunderland, which was announced on Friday, with, I think, 17 purpose-built sound stages. It is being spread. But it is the skills that are the question.

Q244 **Clive Efford:** So we are confident that we have future space to meet new future demand?

Andrew M Smith: Yes.

Neil Hatton: I will just mention the fact that visual effects and post-production have suffered in exactly the same way as the production sector, except that we are delayed in the effect because of our position in the production cycle—you cannot do visual effects until something has been shot. So in a sense, our recovery will be after the recovery that happens in studios.

If I have a regret about what was announced in the Budget, it is that the visual effects tax relief does not come in until April ’25, which means that we might see some people delaying their spend until that point. That is what we do not want to see. We want them to get spending now. We do not want them to have any excuse to delay, because a lot of the companies in visual effects are really suffering. We estimated that about 23% of the visual effects workforce was laid off during the covid pandemic. That was very much lessened because we had furlough.

We have had no furlough in the strike period, which means that the layoffs could reach 40%, and I think we are still not at the bottom of the bathtub curve yet. There is still some way to go, and the sooner we get that VFX tax relief in and incentivise people to come and use our VFX studios, the better.

Q245 **Clive Efford:** One last question from me. What will the strike by below-the-line workers in Hollywood mean for production here?

Adrian Wootton: That is a very good question, which we were asking in Los Angeles two weeks ago. There is a lot of caution in the US about that. They are making contingency plans, because they are very worried about stopping again and whether they have to look at that production moving further offshore.

Q246 **Alex Sobel:** The Committee recently went to France, and we met with quite a number of organisations, including CNC. We talked about co-production and inward investment. Yesterday, I was with Mayor Tracy Brabin, and we discussed inward investment into West Yorkshire in creative industries. We talked about countries other than the US—for instance, South Korea. What portion of inward investment in the UK’s film and high-end TV already comes from outside the US, and what is the potential to grow inward investment from outside the US, thinking about what you have just said?

Adrian Wootton: The overwhelming majority of inward investment, just because of the size of the investment market and the Hollywood studio system, is the US. That is unlikely to change in the near future. The British Film Institute is looking at emerging territories and how we can develop reciprocal relationships and stimulate further co-production. We very much support that and have been involved in these initiatives, but co-production, economically speaking—I have to speak for the BFC from an economic perspective—remains a very small proportion of the total value of production spend in this country.

I am really encouraged, particularly in terms of European co-production and other emerging territories, by the confirmation of the new independent film tax credit, which offers a new opportunity. Those territories outside the US are likely to be spending smaller production budgets. That is certainly true across mainland Europe, and I think the independent tax credit will stimulate opportunities for more co-production, which is very healthy.

Those independent films will also be able to benefit from the variety of new production space and infrastructure across the nations and regions, and the additional incentives that the nations and regions can offer. I think the independent film tax credit is very good for co-production and for further stimulation of the economies of the nations and regions.

Q247 **Alex Sobel:** Do you think that sitting outside Creative Europe is a barrier to those co-productions?

Adrian Wootton: I think the British Film Institute's position—which we supported in our submission to the Committee—is that it would be very positive were the Government to consider rejoining Creative Europe. That is the British Film Commission's position, supporting the BFI's position.

Andrew M Smith: If I am right, the UK actually got more out of it than what we paid into it, so from an economic perspective it seems a bit of a no-brainer.

Neil Hatton: My organisation also represents animation, and that particular sector is very keen that we get back into Creative Europe.

Q248 **Alex Sobel:** Sounds like a no-brainer. Finally, is inward investment by some of the major Hollywood studios and US platforms crowding out other investors, and making us too reliant on US inward investment—on a small number of companies where we know who they are?

Adrian Wootton: I do not think that inward investment is crowding out other investors. If you look at both content spend and actual bricks and mortar spend, inward investment has probably stimulated more investment—certainly in terms of capital investment. We have experience working with new investors coming in to build studios around the UK. We essentially have a new investment group that were not in the UK before, as a result of the certainties around the tax credit, the talent and the demand for our infrastructure to respond to more studio space. Again, positively, there are a whole range of investors in the US who are making films in the range of up to £15 million in different parts of the world; now, with the new independent film tax credit, they will be very keen to work with British producers, directors and writers to make them in the UK. I think we will probably actually find more US investment coming into the UK, but around independent film.

Andrew M Smith: The other thing is that we should see this as one industry. Whether you are a carpenter or a wig maker or you're running a catering unit, and whether it is a British independent film or a large Netflix film, it is made being made in the UK and that is where your jobs are. It is not about one thing or the other; it is about growing the pie. Certainly with the lower-budget films, £1 million to £15 million, the intervention in the Budget is going to have a huge positive impact, particularly in the nations and regions.

Neil Hatton: The independent film tax credit is very welcome, but visual effects and post-production still have the 80% cap restriction on them. I think it is unfortunate that that was not thought about when it was introduced, because a film with a £15 million budget could easily have half a million pounds-worth of visual effects in it, so that would still be at risk of flight from the UK to go and seek a tax credit elsewhere. Those kinds of budgets are very often serviced by the smaller boutique companies—the emerging companies; the ones that will grow—which tend to be in the regions as well. We have missed a trick by not having that exemption in the independent film tax credit.

Q249 **Dr Huq:** My questions are also for Adrian. I wondered whether, as chief executive of Film London, you were aware of a loophole that I discovered the other day when I went to see a company in Acton—within Greater London, but not in zone 1. It is one of those perverse, unintended consequences. The company is called Pixipixel. It hires out equipment to productions, including sound equipment, cameras and that kind of thing. It supplied equipment for two series of an ITV detective show called "Grace", which is set in Brighton.

With all this levelling-up stuff, the incentive is for people doing a regional production to get their gear from regional companies. Despite the fact that Brighton is nearer to Acton, the series now has to get its equipment from Manchester. In terms of time and emissions, that is a long way round. I have raised this in the Chamber, and I've put it to them in writing, but surely there is a different way of doing things.

Companies that are within the M25, but not in central London feel like they have the worst of all worlds. You could do things based on distance and those kind of things—as Alex said, we are meant to be looking at net zero and all those carbon footprint things.

Adrian Wootton: In terms of sustainability, I completely agree with you. I do not know that example and I am not aware of that loophole. I am obviously aware of broadcast restrictions and what is limited in and outside the M25, which has obviously been done to stimulate further production being taken out of London and the south-east, but I am not aware of that example.

Q250 **Dr Huq:** If the nearest other supplier is in Manchester, it just seems annoying for them, because it takes them longer to receive the stuff.

Andrew M Smith: It does seem rather odd. I haven't come across that before.

Q251 **Dr Huq:** As an outer London MP—I think Clive is of the same opinion—I feel that it is sometimes assumed that in London the streets are paved with gold, with Big Ben and all that, but in our constituencies we have companies that need servicing and do not fit that brand. Every London borough was exempt from the towns fund—all those levelling-up pots of money that saw other colleagues in a competitive fight, scrambling for crumbs from the table.

I don't like the concept particularly, and I think outer London gets it worse. I just wanted to flag that to you as a Film London person, Adrian Wootton. It is maybe something you could help Clive and I to champion. Following on from Alex's questions, do you know what proportion of inward investment in the UK's film and high-end TV comes from outside the US?

Adrian Wootton: It is a very small percentage. As I say, I think something like 98% of inward investment is either US-financed or US investment. As I said earlier, the US is the only country in the world that has a studio system and that has that level of content financing within its own corporate structures. There is pretty much no other country in the world that makes films and television programmes of the volume, size and budget size that the US does.

For example, India has a very high volume of production, and we benefit from that production because Bollywood films shoot in the UK, but they are very low value. They are rarely anything above £1 million. For most countries in the world, if you look at their actual production spend, it is very small. The British Film Commission's mission in the way it was established was precisely to attract that high-end film and then television, in order to generate lots of revenue for UK plc and more jobs. That is still our emphasis and our focus.

Q252 **Dr Huq:** What difference did Brexit make?

Adrian Wootton: As I mentioned earlier, what Brexit did for UK film and television is that it created some additional technical barriers between us and European countries relating to whether the respective tax credit regimes were harmonised and about the movement of people and equipment.

That is precisely why, not on a political but on a tactical level, we have been working with a whole range of European countries, and we will be signing more agreements with countries over the course of the next weeks and months, to work very practically to get them to modify their regulations and make changes. I must say that they have responded positively to that and they have been doing it. However, certainly as regards technicalities, Brexit has been about the logistics more than anything else.

Q253 **Damian Green:** Can I have bit more detail on the FX tax rates and so on?

Do you think that removing the 80% cap is, in principle, solving most of the problems?

Neil Hatton: If you had not moved the 80% cap, nothing else would have worked. As soon as you are capped out, you are 0%, regardless of what the headline rate would be. The fact that we have moved from zero in many circumstances to almost 30% is a positive step in solving that problem.

Q254 **Damian Green:** As you know, it is being consulted on and will not come in until 2025, so what do you hope comes out of the consultation?

Neil Hatton: The consultation is in the next 10 weeks. We have not seen the consultation questions yet. We understand that that will talk about what costs are in scope. We recommended that the definition of what is visual effects should align with the BFI's cultural test definition, which has been carefully tweaked to make sure it is about creating additionality. That was tweaked back in 2014, which was the last time there was a major change to the tax credits around the lowering of the minimum spend threshold from 25% to 10%.

The reason for that was that in order to meet your cultural test requirement for visual effects—spending 80% of your visual effects in the UK and thereby getting four points in the cultural test—we had to ensure that we were looking at the UK vendor spend rather than the whole VFX spend. We do not recommend incentivising the VFX spend that is done on set where the shooting takes place, because that is already here. If the shooting is here, the VFX spend on set is here. It is the VFX spend with the vendors that we need to ensure is incentivised to stay here.

Q255 **Damian Green:** So it is further down the production chain, basically.

Neil Hatton: That is the portable piece; it is not tied to where the shooting takes place. Therefore, you are just creating additionality.

Q256 **Damian Green:** At the moment, you are waiting to see what you will be asked in the consultation.

Neil Hatton: Yes.

Q257 **Damian Green:** On the other side of it, Andrew, Pinewood has warned in the past that fiddling with tax reliefs will confuse international investment. Are you worried in this context about that?

Andrew M Smith: Not in this context. The US studios themselves have been looking for the visual effects issue to be addressed. In the past, particularly when we were members of the EU and we had to notify to the Commission, to DG COMP, that we had these in place—that always frightened the horses.

Therefore, I think we all collectively caution about changing the audio-visual tax reliefs. They worked well; they were introduced by Dawn Primarolo and Gordon Brown, and they have been enhanced by successive Chancellors. You only have to look at the amount of money in the private sector as a result of the stability of the policy. For example, we have invested £750 million recently on building new stages; that has created 17,000-odd jobs and added an additional £715 million of GVA to the economy. So there are other indirect and direct benefits of the film tax relief.

The other point I would make is that it is not always about money. The great advantage of the UK's film and audio-visual tax reliefs is that they are easy to understand and they have been in place for a long period of time. Therefore, you know up front if you are eligible—the BFI does the certification for that—and that is a huge advantage.

Of course, the UK always wants to be competitive, but if you are not careful and you keep increasing rates on relief, then it is a race to the bottom. We have to keep an eye on them, because this is highly competitive internationally, but we are in a good place. Again, that is demonstrated by the fact that the likes of Netflix, Amazon and Disney have their permanent homes here now.

Q258 **Damian Green:** Does that make a difference? We have heard all through this inquiry about the potential for, and the actuality of, an international arms race on tax credits. Is it the case—particularly now the big streamers are so embedded here—that as long as we are stable, we can afford, to some extent, to sit out the arms race?

Andrew M Smith: To some extent, yes, that is probably right.

Neil Hatton: Only to a certain extent; we are a long way short on visual effects, but, as Andrew says, there are non-financial advantages that we have—the English language being one, and the fact that we are darn good at it being another one. Where we are at the moment will be a very interesting place when the tax relief comes in.

What we really need to do is make sure that we measure that. When we made the changes back in 2014 that I referred to earlier, they were not baselined, and we had no idea how effective or ineffective they were. It is really important that the BFI and HMRC collect the data at source from the VFX tax credit when it comes in, and that they report on it regularly in the quarterly statistics that the BFI produce. Then we can see how well it is doing.

Andrew M Smith: The other point to add, if I may, is that it is incumbent on us and our sector to demonstrate to the UK taxpayer and the Treasury that the Treasury is getting a good financial return. Looking at the BFI's "*Screen Business*" report—I think is in its eighth edition now—which was forwarded by the Chancellor and checked by Treasury economists, the Treasury gets a strong return. For £1 of film tax relief that is paid out, £8.30 comes back in GVA. That is an impressive figure, but we are not complacent. The BFI takes the lead on this, we all input into it, and we have a breakdown for visual effects, children's television programmes and so on.

Damian Green: We built whole railways on much worse rates of return.

Q259 **Jane Stevenson:** I would like to turn to everyone's favourite subject, business rates. We heard the Chancellor's announcement of 40% business rates relief for 10 years. Does that fully solve the challenge of those rises we saw recently? I think my question is to Adrian and Andrew; as Adrian is a fellow Wulfrunian, I will come to him first.

Adrian Wootton: The Budget announcement was incredibly important. Without it the impact on studios, particularly in England, would have been devastating, because the increase in rates was literally hundreds of percent from the smallest to the largest stages. Obviously, Northern Ireland and Scotland are exempt, because they are devolved, and those rises of the VOA were not applicable to them. They were applicable to England and Wales. The British Film Commission, as Andrew knows, has been working for 18 months with the VOA on this issue.

As I say, it is incredibly welcome, but I have to say it is an incredibly welcome sticking-plaster. It is a 10-year sticking-plaster and a very big chunk of money, but the underlying issue of the rate increases is still not resolved, and it is not resolved for Wales. In fact, we have agreed to use our resources to pay for the rates specialist who has been working with us on our working group to work with the Welsh Government on providing advice and support for their formulation to respond to the fact that they did not get the mitigation.

However, we will carry on working with the studios working group and we will carry on liaising with the VOA, because there will be another one of these exercises coming down the road in the not-too-distant future, to see how we can work out a long-term solution. Ten years sounds like a long time, but it is a minimum in terms of investment; it is not a long-term solution. I would say that, from the BFC's point of view, and assuming that we secure our own funding for the next few years, we think we will be working on this for some time to come.

Q260 **Jane Stevenson:** The relief does not apply to new studios' developments—

Adrian Wootton: It does apply to new studios and existing studios, but it is quite a complicated methodology. I will not go into it now, but it is quite a complicated methodology about how it applies—it applies differently to different studios.

Andrew M Smith: There are various categories from warehouses to warehouses with improvements to our facility, which is purpose-built.

Just to give an example of the impact form the trade press, Warner Brothers' rates were going up, according to *Deadline*, by five times to £25.3 million. The case of Pinewood was also in *Deadline*, so again it is in the public domain; its rates went up four times to £16.2 million. If that had not been corrected, you would have seen, as has already been announced by one studio, that they were not going to invest in the UK. That is a tribute to the BFC and we had a lot of support in getting it through. But it is now incumbent on us to work with the Valuation Office to get a solution.

Interestingly, because the VOA is an arm's length body, it is very difficult to influence—and rightly so. Unlike Ofcom, which takes investment into consideration on decisions, the Valuation Office does not, so I think there is something there. We are delighted with the intervention by the Government and we look forward to working with the Valuation Office. I don't think we have even seen the actual report yet.

Adrian Wootton: Yes, we are waiting on the final VOA report. But Andrew is right, and obviously the British Film Commission is supporting Wales as much as it can to find an appropriate solution.

However, there is definitely still more work to be done, because if the Government had not introduced this—very welcome—mitigation, then not only would we have become uncompetitive, but studios, particularly in the nations and the regions, would actually have closed. This has mitigated that, which is fantastic, whether it is for The Bottle Yard Studios, or for studios in Manchester, or in Yorkshire or wherever it might be. But, as I say, there is still a lot more to be done.

Q261 **Jane Stevenson:** Is the stage space support and development initiative—I think it runs out at the end of next year—still having a good effect? Is it still relevant? Does it tie into all this?

Adrian Wootton: The stage space development funding we received was for two purposes. First, it was to help to stimulate studio development where we needed the space, as we have talked about, across all the nations and regions, and not just in London and the south-east, and it has been very effective in doing that. Secondly, it was to provide the British Film Commission with resilience, so that we could still carry on supporting all the activities.

We are now beginning a process of trying to renew our funding, and Andrew and I have talked about this. Although we are not now in a process of trying to stimulate any new studio development in particular, above and beyond what has already been announced—because we want to see how that stage space that has been built, or is being built, around all the nations and the regions matches the demand as it comes through—there is still an enormous amount of work to do.

Many of those studios are under construction or in planning. They need our support and advice. We are working with them on sustainability for their construction and on business rates.

We are making an argument to the Government that we want to try to find a long-term funding settlement for the British Film Commission—I must say we have had a tremendous amount of support from the Department for Culture, Media and Sport on this, and we are currently working with the Department to make a case for that funding to continue on a multi-year level so that we can provide the service to the industry that we need to.

Jane Stevenson: Do you have anything to add before I go on to a curveball question, Andrew?

Andrew M Smith: No.

Q262 **Jane Stevenson:** With the expansion, I am wondering about skills; that keeps coming back and keeps being mentioned. What is the solution?

Adrian Wootton: Jane Tranter gave a fantastic example, and we are big fans of everything Bad Wolf and the Welsh Government have done in Wales—Screen Alliance Wales is a fantastic model. However, not to disagree with Jane, Wales is not the only example of the fantastic work going on in the nations and regions in terms of skills.

Two things have happened. First, there was the BFI skills review, which led to a national taskforce, enhancing all levels of the industry—I am still on that taskforce—and re-working with Screen Skills on how they deliver a national strategy, backed by private business and industry investment into skills for the whole industry. While that is going on, the BFI has also spent its lottery money creating a new series of screen clusters for skills.

There are currently six of them, and they are expanding further: there is one for Scotland, Wales, Northern Ireland, the north and the midlands and there are others coming. That is a massive new on-the-ground granular initiative to provide new entry training with a focus on diversity and inclusion, which Jane talked about. Talking to my European colleagues and our friends in the States, I think the UK is doing more on skills than any other film-producing country in the world.

There is a lot to be done, because we need a lot of skills, and if we start to escalate production again and find the positive impact of things such as the visual effects tax credit or the independent film tax credit, we will have more and more need for young people. I think the last estimate was that we needed something like 21,000 new people to enter the industry in the next five years, and that will grow again.

It is really important that the initiatives that have been announced work, but I must say I am cautiously optimistic. I think we are doing a lot, and not just in Wales: we have Screen Scotland doing fantastic work and running one of the skills clusters, Northern Ireland Screen, Create Birmingham, Screen Alliance North—another of the clusters—and the Metro London skills cluster for the studios.

There is a lot happening. It has not solved the problem yet, because these things take time and you cannot train people as fast as you can build studios, but there is a lot of really positive work going on.

Andrew M Smith: One of the initiatives we are doing is called the Set For More Futures Festival. This year will be the third year we have done it. That involves 4,000 young people, not just local to where Pinewood and Shepperton are, but coming down from all over the UK. We prioritise the 12 Government opportunity areas where education is struggling; in some cases we put on buses to bring the kids down, and then we open it up to other colleges.

Jane, if I am right—let me just look at my notes here—Wolverhampton Screen School and AAT Trust came down. Julie, I think we had Sunderland College come down. We are opening it up to the nations and regions, and over two days they get to see all the different jobs behind the camera. We encourage parents, carers and guardians to come, because there is some education to do with them; some parents do not think it is a real job, so we bring them in. There is also an element of retraining. The sector is doing a lot, but we have to get this right. We keep talking about it.

Neil Hatton: Visual effects skills are also very important. We estimate that the changes will create another 2,000 jobs in the visual effects industry, plus about another 800 in the supply chain. Visual effects jobs are highly digital, and traditionally they have been taken by graduates, but we have an apprenticeship route as well, which we were building up until covid—we lost the momentum when covid happened for obvious reasons. Unlike the rest of the film industry, we are much more geared towards long-term employment—very often on PAYE terms, so not freelance.

Chair: We are just about to—

Jane Stevenson: I was going to say that I am stealing someone else's area.

Chair: You are in danger of trampling all over Julie's toes. On that note, we might move on.

Jane Stevenson: Exactly. Apologies, Julie; I strayed into skills.

Q263 **Chair:** Before we do, I want to be entirely parochial: we have heard about Wolverhampton and Sunderland, but can we please invite St Vincent College in Gosport?

Andrew M Smith: We certainly will. You are all very welcome to come. It is the only time of year I can get my colleagues who volunteer to work on a Saturday, because it is such good fun.

Jane Stevenson: A new James Bond, set in Wolverhampton, would also be good.

Q264 **Julie Elliott:** You have covered some of what I wanted to ask about. Adrian, you talked about trying to match the skills to all these studios being built. The Sunderland studios were announced long before last Friday; there was just a high-profile secret visit last Friday. You have described a lot that is happening, and I know there is a lot happening in my area. The studios are going to be in Sunderland, but this is very much a regional thing. Do you think it is time for us to have a national strategy to pull all this together? There are lots of things happening, but I am not sure they are very linked up. This is quite a mobile workforce, isn't it?

Adrian Wootton: It is a mobile workforce, but the encouraging thing from my point of view is that, as I mentioned earlier, we now have seven established production clusters in the UK nations and regions. We call something a cluster when it has infrastructure and an established crew base, but there are others that are developing. The north-east and Sunderland and Birmingham are developing, and those are on top of the seven I have already mentioned.

I absolutely agree with you about the skills initiatives being joined up. What I am encouraged by—cup, lip, slip; the proof will be in the pudding—is that the BFI's skills clusters are just starting to operate. The north-east is very much part of them—Screen Alliance North has a cluster. Those clusters are all talking to each other, co-ordinated by the BFI, and are also talking very closely with the employers who were brought together under the national skills taskforce.

My hope is that these initiatives, which have been fragmented, are actually going to start getting knitted together and that we will have a concerted effort to drive skills, inclusion, diversity and new opportunities all over the UK nations and regions, not just in London and the south-east. I don't think I am looking at this through rose-tinted glasses, but I have been working in this industry for a very long time, and I have never seen an initiative on that scale with so many things happening nationally and regionally, and where people are actually talking to each other because they all realise what the prize is.

There is ferocious competition out there, as we have mentioned. There are lots and lots of people who want to eat the UK's lunch on inward investment. We have put ourselves in a fantastically competitive position because of our infrastructure, our tax reliefs and our talents, but it is in our hands to lose that work. The biggest factor now will not be our tax reliefs or our studio space; it will be whether we have the people to do it.

Q265 **Julie Elliott:** So is there a need for a national strategy, rather than this ad hoc approach of clusters? Yes, they are talking to each other, but there is nobody centrally pulling it all together, is there?

Adrian Wootton: Well, the BFI is funding all those clusters, co-ordinating them and working with ScreenSkills and the taskforce. There is some knitting to be done, Julie, and I wouldn't say that it is all formed, nicely baked and ready, but it has only just started. The clusters have literally only just started operating.

Andrew M Smith: You make a very good point, Julie, because it is an oversaturated area with people doing bits and pieces on skills and training. Now that we have got the cluster approach, time will tell. Historically, there are so many organisations doing bits and pieces. There are LEPs, combined authorities, elected Mayors, the BFI, ScreenSkills and lots of other different bodies. Hopefully this is now bringing it together once and for all.

Adrian Wootton: I agree; I don't know whether this would come up anyway, but people have asked what more the Government could do. The one single thing that we all feel in the industry—this is not the first time you have heard it and it is not going to be the last—is that the apprenticeship levy should be changed. The apprenticeship levy is not fit for purpose, it is not useful for our industry and it would make a massive difference if that was further revised. That is the one area that all of us in the industry feel would have a massively positive effect: more flexibility in the apprenticeship levy.

Q266 **Julie Elliott:** Neil, I am going back to what you started to talk about before, and how the post-production workforce is a predominantly pay-as-you-earn workforce. What has that meant for retention of staff during the strikes? Has it helped?

Neil Hatton: It certainly helped during the covid period, because they got furlough. I think it has helped to keep some of them in this period, but essentially, if you have no work coming in, then you have no turnover and you cannot afford the payroll. The problem is that if you try to retain those staff then you are probably going to go bust. Unfortunately, that is a harsh economic reality for them.

Q267 **Julie Elliott:** Would there be an appetite for a new industry training fund for post-production employees to be set up, and who would set it up?

Neil Hatton: Almost certainly. It is something that the UK Screen Alliance have proposed, and we are in talks with various stakeholders about it now. I think there is a case for it right now because of the introduction of the VFX tax relief. Those people who get the long-term benefit from the VFX tax relief—the production companies and the rights holders—should put a percentage of what they get from the tax credit back into training.

Q268 **Julie Elliott:** Who would set up and co-ordinate that?

Neil Hatton: It would be the industry, and we would probably be very central to that. We would look to people who have got expertise in that area. Maybe ScreenSkills, as they have a track record of managing those kinds of funds. We are certainly already having talks about how that might work.

To the point that you were making about it being joined up and a proper strategy, I want to talk about something that happened in your area. You have got three colleges in your area: Middlesbrough College, Sunderland College, and Hartlepool Sixth Form College are all in the north-east and are part of the NextGen Skills Academy network. I want to highlight that. About 10 years ago, a group of employers took on the recommendations that came from a report written by Alex Hope and Ian Livingstone, which was called the "Next Gen" report.

The report highlighted the fact that the education system was not teaching the right blend of skills that we needed in not just visual effects, but games, animation and the whole 3D-visualisation sector. Those skills were maths, physics, art and coding. It is a very strange mix, but it is the right mix for us.

We set up a qualification at level 3—16 to 18—and also set up a national network of colleges. There are three in your particular region, but there are 14 or 15 across England. They have just been extended to Northern

Ireland as well. Now we have something like 750 people on the programme, moving to 900 in the next couple of years.

It is a level 3 qualification. It has very good outcomes, it is employer led and it has good employer engagement, but it is not a T-level. By 2026, the DFE are threatening to defund it. It is a successful programme and a really important part of our pipeline, which leads into apprenticeships, increases diversity and puts the skills in the regions, yet it could be trashed by the defunding programme on level 3 to clear the way for the T-levels.

There is no visual effects T-level. There cannot be, because to build a T-level you need to have an occupational standard at level 3. Our occupational standards are written at level 4 because that is where the skill level starts in our industry. We cannot build a T-level because we are not allowed to. We have a dilemma here.

Julie Elliott: You've got that on the record.

Chair: Finally, just before the credits roll, John.

Q269 **John Nicolson:** Thank you for joining us, gentlemen. Just before we finish, maybe we could do a quick wheech down the table. We MPs often get contacted by people who have requests or wish lists, so can I ask you first, Mr Smith, what would be your wish list? What would you like the Government and local authorities to do to support inward investment in taking production from down south to the nations, and indeed the English regions? In brief, what would be your top wish list?

Andrew M Smith: I think we are already seeing this naturally because of these new developments on studios. There has been talk in the past about some enhancements on the film tax relief, maybe for regional funding or diversity. If you had asked that question three or four years ago, there would probably have been a very different answer, but we are now seeing major studio initiatives in the nations and regions. I think it is happening.

Q270 **John Nicolson:** You talked about tax relief, which is obviously something central Government can do. Specifically, what tax relief would you like to see and what effect would it have?

Andrew M Smith: I would keep the existing reliefs as they are—lock it away in the file. The Labour party announced its creative interventions last week in London and it welcomed the recent things in the Budget. They are working, and I think they are working well.

Q271 **John Nicolson:** Okay—that is clear. Mr Hatton, a number of folk have approached me and asked about VFX businesses specifically. They have asked what would encourage them to invest outside London in other parts of the UK rather than, for example, expanding overseas.

Neil Hatton: In our original proposal, we recommended a 5% uplift for VFX work outside the metro London area. I think that would have put rocket boosters under that inward investment, but the Treasury decided not to go with that.

Q272 **John Nicolson:** Why was that? What did they tell you?

Neil Hatton: I think they felt it was complex and difficult to audit. We could have put in technology solutions to help with that.

Q273 **John Nicolson:** They said that to you specifically, did they?

Neil Hatton: Well, we prompted them, and they said it was complex. That was the reason they told us they were not going to go forward with that. But even though we do not have that, I still think there is a big opportunity to invest in the regions—

Q274 **John Nicolson:** The regions, or the nations as well?

Neil Hatton: And the nations, yes. There are skills bases around, in the clusters that Adrian has mentioned. I have a member company in Glasgow. He says to me that he craves a large competitor in Glasgow, partly because when he crews up, he brings people from south of the border, he does the production and then they go back. If there was a cluster in the central belt of Scotland, they would be more likely to build those skills locally and people would stay there.

Q275 **John Nicolson:** That is interesting. So there is obviously a skills shortage, if you have to bring people from England?

Neil Hatton: That is because of the ebb and flow of production. You are not fully crewed all the time. It will depend on how many productions you have on at any one time, so you bring people in—not just from south of the border; we used to bring in people from Europe, but that is very much more difficult now freedom of movement has finished.

Q276 **John Nicolson:** Why would that be?

Neil Hatton: Bringing people from Europe?

John Nicolson: Yes.

Neil Hatton: Because they now require a visa.

John Nicolson: Which is yet more Brexit chaos.

Neil Hatton: It has not been helpful.

Q277 **John Nicolson:** When you ask the UK Government about this issue, there is a recurring theme that we have heard for years. Before the Committee, they told us that once they had negotiated this dream Brexit deal, they would solve the issue. What has been your experience, post Brexit deal, with getting people from the European Union here? Why has the issue not been resolved?

Neil Hatton: First of all, I want to say that we are fully committed to building a domestic UK workforce, and we are putting in lots of educational interventions to do that. Our workforce in VFX was probably around 33% from outside the UK, mostly from Europe, but that has reduced now to around 25%. Some of that was exacerbated by the covid pandemic, where they went home and did not come back. It is ever more difficult to bring in exceptional talent and emerging talent from the rest of the world because of the high visa costs.

Q278 **John Nicolson:** Out of interest, what does a visa cost?

Neil Hatton: If you wanted to relocate a high-value VFX supervisor from, say, Canada with their family, it will probably cost you about £20,000 in visa costs and all the other ancillary costs.

John Nicolson: And if you were bringing the same person from Paris or Madrid—

Neil Hatton: It is the same.

Q279 **John Nicolson:** Of course it is. Finally, Mr Wootton, I am quite intrigued by the dual roles you hold, because you are the CEO of both the British Film Commission and Film London. Is that correct? It must be very hard for you to combine those two roles, because if you succeed in bringing somebody to Sunderland, for example, you failed to get them to London. You have presumably failed in your job as CEO of Film London; they have gone elsewhere.

Adrian Wootton: I don't see it like that at all, actually.

Q280 **John Nicolson:** You might not, but I bet your colleagues in London do. Equally, if you get somebody, or a production, to go to London and they are not going to Sunderland or Sutherland, clearly Sunderland or Sutherland have missed out. How can you possibly represent two completely different and competing areas?

Adrian Wootton: What I can say is that, in terms of the way in which the structure was set up, obviously, that was a decision of the UK Government back in 2017, when the UK Film Council was dissolved and we were asked to take on these responsibilities. What I have to say that is we have completely separate teams, with Chinese walls between those teams—

Q281 **John Nicolson:** But you are the boss.

Adrian Wootton: I am the boss—that is absolutely true—but I do not make the decision and I do not encourage any film company to go to Sunderland versus London. Basically, what we, the British Film Commission, do without fear or favour is offer choice. We provide an inquiry service. We spread that around the whole of the UK, and the film company decides where it is going. The television company decides where it is going; we do not decide where it is going. What we provide is objective promotion and support of the whole of the UK's nations and regions. It is my job to do that. Yes, I run a team that provides production services in London, but I am not involved in saying, "It should go to London," or "It should go to Wales."

Q282 **John Nicolson:** Part of your job must inevitably involve lobbying and representing. How could it not?

Adrian Wootton: I am very unequivocally sitting here today as the chief executive of the British Film Commission. That involves lobbying on behalf of the UK nations and regions. Two weeks ago, I was part of a delegation that took Scotland, Wales, Northern Ireland and the English regions out to talk to all of the studios and streamers, and each of those nations and regions talked about what their particular area offered and why they should potentially be considered.

Q283 **John Nicolson:** I know that you are not responsible for it—as you said, it was the UK Government that set it up—but it just seems a very weird combination of roles. If somebody says to you, "So what do you think, Mr Wootton? Should I go to London or Liverpool or Leith?" you would have to say, "Well, I cannot possibly tell you, because I have this dual role of being the high heid yin of both London and Britain overall." Inevitably those are in competition.

Adrian Wootton: No, they are not. If I was asked whether that happens, or has happened, what I would say is that you have to go back to the data; you have to go back to the empirical evidence of what the British Film Commission does, what I have said and what the British Film Commission team does and look at what we have done over the last 10 years. There is no evidence or data whatever, as far as I know, that we have been biased towards any territory.

In fact, if anything, my team has spent more of their time promoting the UK as a whole because of the development opportunities, whether it is with stage space, skills—which we have talked about—sustainability or any of these things. If you look at the time that the British Film Commission has operated under these new tax credits and at the work that we have done, I think we have been involved in 75% of all film production activity that has gone on around the UK nations and regions. I mentioned the work we have done to stimulate stage space. Whether it is Screen Scotland or Wales, we have worked on all those new stage space developments.

So I think we, and I, have been able to operate in a completely fair and objective manner—not in a namby-pamby manner. That is actually making the film and television companies have the choice, based on the information we have and on the incredibly close partnership we have with the nations and regions.

Q284 **Chair:** That brings us to a conclusion today. If anyone comes up with any other evidence, comments or thoughts after the event, please let us know.

Andrew M Smith: Can I just say that we are extremely fortunate to have such huge support for our sector, not just from this Committee, but from Parliament and Government? Other sectors of the UK economy look at us very enviously. We do not take it for granted. Thank you very much for your support over the years.

Adrian Wootton: Absolutely—I echo that.

Neil Hatton: Yes.

Chair: Thank you very much. Thank you for coming to see us today with all your evidence. We are really grateful.