

Assessing the economic impact of S4C in Wales and the UK

A report to S4C
By **Arad Research**

4 March 2021

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Summary

Value of S4C to the UK economy




- S4C generated an economic impact of **£197.4m in the UK economy** in 2019-20. This included (figures have been rounded):
 - A direct impact of **£96.7m** generated through S4C's spending on goods, services and wages (including freelancers) in the UK.
 - An indirect impact of **£0.8m** through S4C's influence as an anchor tenant at *Yr Egin* centre in Carmarthenshire, serving as a catalyst for expenditure by the centre and its visitors.
 - Induced impacts of **£99.9m** generated through expenditure by UK businesses, stimulated by the above.
- Production companies reported that S4C **co-productions** had enabled them to **gain commissions** with other networks, including **international broadcasters and production companies**.
 - Production companies reported that their track record of working on S4C commissions had provided them with a **good foundation for winning further work internationally**.
- Production companies highlighted the value of S4C productions in enabling them to **attract further capital investment** from partners (e.g. for new studio space).

Value of S4C to the Welsh economy



- S4C generated an economic impact of **£141.1m in the Welsh economy** in 2019-20. This included:
 - A direct impact of **£77.6m** generated through S4C's spending on goods, services and wages (including freelancers) in Wales.
 - An indirect impact of **£0.8m** generated through S4C's influence as an anchor tenant at *Yr Egin* centre in Carmarthenshire, serving as a catalyst for expenditure by the centre and its visitors.
 - Induced impacts of **£62.8m** generated through expenditure stimulated by the above in Wales (figures have been rounded).
- S4C has a significant impact on production companies and others in Wales.
 - 61% of its suppliers note that S4C has a '**significant positive impact**' on their turnover (89% noted it had some positive impact).

	<ul style="list-style-type: none"> ○ Production companies reported that the stability provided by working on S4C productions gave them confidence to invest in infrastructure, technology and the workforce. • Stakeholders highlighted the importance of individual production companies as significant employers in their local economies across Wales, particularly in rural north and west Wales. • Stakeholders praised S4C's responsiveness to audience needs and the economic challenges faced by production companies in commissioning during the Covid-19 pandemic.
<p>Value of S4C to the economy in Carmarthenshire</p> 	<ul style="list-style-type: none"> • During 2018/19, S4C relocated its headquarters to <i>Yr Egin</i> in Carmarthenshire, becoming the centre's anchor tenant. This has led to: <ul style="list-style-type: none"> ○ Some employees moving to Carmarthenshire. ○ Some established production companies establishing a base at <i>Yr Egin</i> and some new start-ups becoming tenants at the centre. ○ Additional spending in the area by visitors to the centre, including S4C programme studio audiences. • S4C generated an economic impact of £18.2m in the economy of Carmarthenshire in 2019-20. This included: <ul style="list-style-type: none"> ○ A direct impact of £14.0m through S4C's spending on goods, services and wages (including freelancers) in the area. ○ An indirect impact of £0.6m through being the anchor tenant and catalyst for expenditure by <i>Yr Egin</i> centre, its staff and its visitors in Carmarthenshire.¹ ○ Induced impacts of £3.7m through expenditure stimulated by the above, including by S4C suppliers located at <i>Yr Egin</i> (figures have been rounded). • Most S4C suppliers who have business premises permanently located in Carmarthenshire indicated that S4C's re-location to Yr Egin had some positive impact on their turnover, profitability, costs, collaboration and on winning new work.

¹ This figure does not include expenditure by *Yr Egin* on goods, services and salaries in other parts of Wales, outside of Carmarthenshire.

Return on investment from S4C



- **For every £1 of income** received by S4C in 2019-20, the broadcaster generated an economic impact of:
 - **£2.03** in the **UK economy**
 - **£1.45** in the **Welsh economy**
 - **£0.19** in the economy of **Carmarthenshire**.

S4C's impact on employment



- S4C directly employed an average of **101 staff (FTE)** during the 2019-20 financial year, with a total of **134 individuals** employed during the year.
 - 32 of these were living in Carmarthenshire - around a quarter (24%) of all those employed.
 - This includes five staff who re-located to Carmarthenshire following the re-location of S4C's headquarters, and ten who started working with S4C during or after the re-location to Yr Egin.
- In addition, **56 freelance** staff were also employed by S4C in 2019-20.
- S4C's expenditure generated further demand and employment which support an estimated **2,334 UK employees and freelancers** through its supply chain including an estimated:
 - **774** jobs in companies who supply it directly (predominantly production companies).
 - **970** jobs in the supply chain.
 - **590** freelance jobs.
- These direct and induced employment effects mean that S4C generates estimated **employment** opportunities for a total of:
 - **2,435** employees and freelancers in the **UK**.
 - **2,229** employees and freelancers in **Wales**.
 - **245** employees and freelancers in **Carmarthenshire**.

Production costs



- Production companies estimate **that production costs have increased by 5-30%** as a result of **Covid-19** due to additional safety procedures and implications in terms of staffing, time and locations.
- The **increase in network and international productions** filming in Wales has led to **increased competition** for cast and crew, particularly those with most experience.
 - This is reinforced by evidence from the recent [*BBC Value for Audiences*](#) report, which highlights significant inflationary effects of competition from Subscriber Video On Demand services.
 - While this has provided opportunities for new entrants, this is placing **upward pressure on production costs** and creating **skills shortages** in some roles.
- Production companies highlight the **good value for money** provided by S4C productions, reporting that **budgets for producing S4C outputs are significantly lower** than for other broadcasters.
 - Stakeholders noted that the ability of Wales-based production companies to work smartly and efficiently makes these businesses and the Welsh TV and film workforce, attractive to other national and international networks.

Skills and training



- S4C plays a significant role in providing **strategic direction and funding for workforce training** via the independent body TAC which represents the independent Welsh TV production sector.
 - Around **500** creative industries professionals were trained via courses co-ordinated by TAC during 2020.
 - Stakeholders noted that S4C's funding of TAC since 2017 had been crucial during a period of limited funding for workforce training.
- S4C is an important funder of **apprenticeships**, both directly as an employer and indirectly through its spending on the independent production sector.
 - Training providers note that **30-40% of creative industries apprentices in Wales work on S4C productions** during part of their work placement.
 - S4C plays an important role in **brokering strategic partnerships** between funders, training providers and employers which helps support apprenticeship programmes.



Language,
culture and
social outcomes

- Stakeholders and production companies emphasise the importance of S4C's **cultural and linguistic contribution**, both in terms of its programming and its indirect economic impact.
- Stakeholders highlighted the important role of S4C in providing **employment in areas with high proportions of Welsh speakers**, including disadvantaged areas of rural north and west Wales.
 - This helps **reduce out-migration** and enables working-age Welsh speakers to contribute to Welsh language activities and maintain the social and cultural fabric of their areas.

1. Introduction

S4C commissioned Arad Research to complete an economic impact assessment of the broadcaster's activities. The aim of the assessment was to examine the economic value of S4C to the economy of the UK and Wales, as well as the impact of the re-location of S4C's headquarters to *Yr Egin* in Carmarthenshire. This report sets out the findings of the study.

1.1 S4C

S4C is a Welsh language channel which broadcasts and commissions a wide range of television and digital content. Most of the channel's content is commissioned from independent production companies in Wales, which generates expenditure and income for creative industries businesses, staff and freelance workers in Wales and the UK. S4C employed an average of 101 full-time equivalent staff during the 2019-20 financial year at its offices in Carmarthen, Cardiff and Caernarfon.

S4C's had an income of £97.5m in 2019-20, of which:

- £74.5m was from the TV license fee;
- £22.7m was from DCMS;
- £0.3m was from other sources, including commercial income.

S4C's total expenditure in 2019-20 was £102.7m, of which:

- £95.7m was spent on goods and services;
- £3.8m was on salaries;
- £3.2m was on other items, including taxes and pension contributions.

Analysis of S4C's expenditure on goods services in 2019-20 shows that:

- 97% of all S4C's expenditure on goods and services is spent on organisations based in the UK;
- 77% of all S4C's expenditure on goods and services is spent on organisations based in Wales.

1.1.1 S4C re-location to *Yr Egin* in Carmarthenshire

In 2018, S4C moved its headquarters to a brand new creative and digital centre, *Yr Egin*, based at the University of Wales Trinity Saint David campus in Carmarthen. The decision by the S4C Authority, following a competitive process, to re-locate to *Yr Egin* and become its anchor tenant was pivotal to the construction of the building. *Yr Egin* has subsequently become the location for a cluster of tenant companies and organisations from the creative industries. Some of these companies are new starts, while others have relocated some of their activities from outside the area.

Yr Egin has also become a studio location for TV, film, music and theatrical productions as well as an informal hub for creative businesses and individuals in the area. This has led to the centre hosting around 10,000 visitors annually, further generating expenditure and income for the local economy.

It is widely accepted that the concept of *Yr Egin*, would not have happened without S4C's decision to re-locate to the area. In addition improvements to the local infrastructure have been made with investment of £7.8m in a new road delivered by Carmarthenshire County Council. This study has therefore examined the effects of expenditure by *Yr Egin* as a separate entity, and considers these to be the indirect impacts of S4C on the Welsh and UK economies. The study also considers the effects of S4C, including *Yr Egin*, on the local economy in Carmarthenshire.

1.2 About this report

The methodology for the assessment is set out in Section 2, with findings on S4C's economic value and impact on employment in Section 3. Section 4 includes evidence of S4C's wider impacts on skills, training, language and culture as well as its contribution to DCMS's strategic objectives. Section 5 includes case studies of creative businesses who supply content and services to S4C.

2. Methodology

Our analysis of S4C's economic impact is based on the following:

- **Direct impact:** direct expenditure based on S4C's expenditure on goods, services and salaries;
- **Indirect impacts:** income and expenditure generated through the expenditure by *Yr Egin*, the cultural centre in which S4C became the anchor tenant in 2018, in Carmarthenshire and the centre's visitors;
- **Induced impacts:** contributions made to income and expenditure throughout S4C's supply chain.

The economic value of S4C has been derived based on the concept of the Keynesian Multiplier Effect. This effect takes into account that:

- **Direct** spending by S4C on salaries, goods and services generates income for other businesses and individuals in the local economy (UK, Wales, Carmarthenshire);
- This income triggers further (**induced**) spending rounds by the receiver (businesses, freelancers, individuals) with some of it being held back or spent outside of the local economy (leakages) in each spending round;
- This process repeats until the local income created decreases to a negligible level.

The total economic value to the local economy is the sum of these spending rounds. The assessment does not make a counter-factual assessment to consider alternative ways in which S4C's income might have been spent. The economic value figures derived therefore reflect the maximum economic impact that S4C's contributions to the economy are expected to create.

The findings are based on the financial year 2019-20, with analysis undertaken based on three geographic areas: the UK, Wales and Carmarthenshire, where S4C re-located its headquarters in 2018.

The assessment has included primary and secondary research including:

- Income and spending data from S4C and *Yr Egin*;
- A survey of production companies and other suppliers of goods and services to S4C;
- A survey of S4C staff;
- Interviews with S4C suppliers from the creative industries; and
- Interviews with S4C stakeholder organisations.

2.1 Data sources

Data on S4C's income and expenditure was received based on the year 2019-20, and was used to identify the **direct** impact in the UK, Wales and Carmarthenshire. The detailed expenditure data enabled analysis to determine how much of the broadcaster's expenditure was on suppliers and staff in these economic areas.

Data from *Yr Egin*'s annual accounts was used to determine S4C's **indirect** expenditure along with data from the centre on its visitor numbers and secondary data on average visitor expenditure during day visits in Wales based on *The Great Britain Day Visitor 2019 Annual Report*.²

Surveys of S4C's suppliers and staff were undertaken to help determine the broadcaster's **induced** impact. A total of 78 out of 145 production companies and other suppliers of goods and services to S4C responded to the survey (equating to 54%).³ Suppliers completing the survey accounted for 69% of S4C's expenditure on goods and services, enabling the research to estimate the average proportion of income suppliers receive from the S4C that is spent in the local economy (retention rate) with a high degree of confidence. Additionally, 36 out of 101 (36%) of staff completed the survey, enabling an estimate of the average proportion of S4C's expenditure on salaries that is retained in the local economy.

Secondary data sources including the UK Economic Accounts, UK net company profitability data, UK national household savings ratios and previous economic impact assessments of S4C (Arad Research, 2013 and 2015; DTZ, 2007) were used to verify the data and to make some assumptions about expenditure and taxation.

² See https://www.visitbritain.org/sites/default/files/vb-corporate/gbdvs_2019_annual_report_-_a.pdf

³ Only suppliers providing goods and services with a value of over £5,000 during 2019-20 to S4C, and who had valid contact details were surveyed.

3. Economic impact

The economic impact assessment's findings are set out below based on S4C's expenditure in 2019-20. Data have been rounded and do not always sum precisely to the totals shown.

3.1 S4C's economic value to the UK and Wales

Total economic impact of S4C on the economy in:
UK: £197.4m
Wales: £141.1m

S4C's expenditure data show that the broadcaster spent a total of £95.7m on goods and services in 2019-20, with:

- 97% of this (£92.9m) spent on suppliers based in the UK;
- 77% of this (£73.8m) spent on suppliers based in Wales.

In addition, S4C spent £3.8m on salaries to staff (including board members), all of whom live in the UK in 2019-20, with almost all of this expenditure (98%) on staff living in Wales. The broadcaster's total **direct** impact on the UK economy is therefore £96.7m and the direct impact on Wales £77.6m.

Direct impact of S4C on the economy in:
UK £96.7m
Wales £77.6m

Including:

Goods and services: UK £92.9m, Wales £73.8m

Salaries of individuals: UK and Wales £3.8m

S4C also generates **indirect** impacts as the anchor tenant of *Yr Egin* creative and digital centre in Carmarthenshire. The centre's expenditure of £0.2m on goods and services and £0.1m on salaries in 2019-20 as well as estimated local visitor expenditure (See Section 3.2) of £0.4m can be used to estimate S4C's indirect impact as £0.8m (figures are rounded).

Indirect impact of S4C on the UK and Welsh economy: £0.8m

Including (figures are rounded):

Expenditure on goods, services and salaries of *Yr Egin* centre: £0.3m

Expenditure by visitors to *Yr Egin*: £0.4m

S4C's **induced** impact on the economy in the UK and Wales was derived using the direct expenditure data alongside data from the S4C supplier and staff surveys and secondary data. This enables us to estimate the proportion of income suppliers and staff receive from S4C that is spent in the UK and Wales.

The data show that, on average, suppliers spent 90% of their total income (their propensity to consume), and that 81% of their total expenditure on salaries, goods and services was on suppliers and staff based in Wales (assumed to be 90% in the UK).⁴ Staff survey responses showed that they spent 41% of their income on goods and services from suppliers based in Wales (assumed to be 90% for the UK), and their propensity to consume was assumed to be 93% (based on average UK household national savings ratios).⁵

Using these rates, the assessment estimates that S4C's direct and indirect expenditure stimulates an induced impact of £115.6m in the UK and £74.4m in Wales.

Induced impact of S4C on the economy in:
UK £99.9m
Wales £62.8m

Including impact induced by:

Expenditure on goods & services: UK £93.2m Wales £60.9m

Expenditure on salaries: UK £6.7m Wales £1.9m

Stakeholders and supplier survey respondents highlighted how S4C's expenditure generates induced impacts and additional benefits, such as through promoting Welsh businesses.

'In addition to the production companies, the expenditure is also beneficial to the wider economy, which benefits through the jobs of hundreds of freelance workers and technical businesses such as lighting and post-production, hospitality such as hotels, restaurants and bed & breakfast accommodation, catering, crafts such as carpenters and electricians, transport businesses and local businesses across Wales.'

Luned Whelan, Executive Manager, TAC (Representative body for Independent TV Production Companies in Wales)

⁴ This is broadly consistent with average retention rates in previous surveys of S4C suppliers as well as average net profitability rates of companies in the UK.

⁵ See [UK Economic Accounts time series](#) (UKEA)

‘S4C has had a positive impact on our business, but also on the Welsh economy, as all of S4C’s advertising campaigns are local ones meaning the money is spent in Wales.’

S4C supplier survey response

3.1.1 Economic regeneration: supporting start-ups

As well as supporting well-established SMEs who work with broadcasters and distributors across the UK and globally, many of S4C’s suppliers are small companies that have recently been established. Suppliers praised S4C’s openness and willingness to work with and support new companies both creatively and commercially. Start-up companies that responded to the supplier survey provided an insight into how important S4C was to them in gaining a foothold in the creative industries.

‘As a very new young company, S4C commissions have been essential in getting the business off the ground. Turnover has increased in the second financial year, and this has only been possible because of the support and commissions provided by S4C during the first year of trading.’

‘S4C has been a very important in the first few years of our business.’

‘S4C has a very positive impact on the business. They are a dependable company to deal with and give small companies a good foundation to be able to grow, which then enables the companies here in Wales to compete and bring more work to Wales from other parts of the United Kingdom and the world. S4C’s expenditure enables us to train and develop the skills of our employees in Wales. Although the company is based in Cardiff our expenditure reaches a very large number of different areas of Wales.’

S4C supplier survey respondents

3.2 Economic impact in Carmarthenshire

S4C's economic impact on Carmarthenshire: £18.2m

S4C relocated its headquarters to the newly built *Yr Egin* creative and digital centre in Carmarthen in 2018. S4C's decision in 2014 to relocate and become the centre's anchor tenant led directly to the centre's construction as a cultural venue, business and creative hub and location for tenant businesses. *Yr Egin* is located on the campus of the University of Wales Trinity Saint David and its construction was a partnership between the University, S4C, the Welsh and UK Governments, Carmarthenshire County Council and the creative sector.

S4C's relocation to *Yr Egin* has led to a range of quantifiable economic impacts on Carmarthenshire:

- Some of S4C's employees and consequently S4C's economic activity has moved from Cardiff to Carmarthenshire;
 - 32 of the 134 individuals employed by S4C in 2019-20 were living in Carmarthenshire, representing around a quarter (24%) of those employed.
 - This includes five staff who re-located to Carmarthenshire because of the re-location, and ten who started working with S4C during or after the re-location to *Yr Egin*;
- Some established independent creative businesses, setting up a base at *Yr Egin*;
 - Examples include Boom Cymru and Gorilla;
- Some smaller creative businesses and new start-ups becoming tenants at the centre (e.g. Lens 360 who have subsequently merged with Whisper Cymru);

While some of the above might be considered as displacement effects when examined at the level of the UK or Wales, these developments have moved economic activity to a more socio-economically disadvantaged area of Wales, thus contributing to reducing economic inequalities within Wales and the UK. In addition, the development of *Yr Egin* has led to additional spending in the area by visitors to the centre, including S4C programme studio audiences.

S4C spent a total of £13.1m on goods and services from suppliers based in Carmarthenshire and a further £0.9m on salaries of staff and freelancers living in the area; a total **direct** impact of £14.0m.

Direct impact of S4C expenditure in Carmarthenshire: £14.0m

Including expenditure on:

Goods and services from suppliers in the area: £13.1m

Salaries of individuals living in the area: £0.9m

S4C also generated an **indirect** impact through being the anchor tenant and catalyst for additional expenditure by *Yr Egin* centre. The centre spent an additional £0.1m on goods and services from suppliers based in Carmarthenshire in 2019-20, and £0.1m was spent on the salaries of *Yr Egin*'s staff living in the area (figures have been rounded). Expenditure by visitors to the centre in 2019-20 – including live audiences for S4C shows such as *Jonathan*, theatre performances, conferences and educational events – can also be considered as indirect impacts. Based on 2019-20 visitor numbers (with some adjustments to account for the effect of Covid-19 on these), estimated total additional visitor spend for these visitors has been derived using average visitor expenditure data for Wales.⁶ Based on this, visitors were estimated to have spent an additional £0.4m in Carmarthenshire in 2019-20.

Indirect impact of S4C on the economy in Carmarthenshire: £0.6m

Including:

Expenditure on goods, services and salaries at *Yr Egin* centre: £0.2m

Expenditure by visitors to *Yr Egin*: £0.4m

Data on expenditure by S4C on staff and suppliers based in Carmarthenshire and by other S4C suppliers located at *Yr Egin*, alongside survey responses from these staff and companies, has been analysed to estimate the **induced** impact of S4C in Carmarthenshire.

S4C suppliers with a business location in Carmarthenshire estimated that 36% of their expenditure on average was on salaries, goods and services from individuals and companies based in Carmarthenshire. Staff estimated that 20% of their expenditure was on goods and services from suppliers based in the area. These retention rates, along with an assumed marginal propensity to consume for households and businesses of 90% were used to estimate that S4C generates an induced economic impact of £3.7m in Carmarthenshire.

Induced impact of S4C in Carmarthenshire: £3.7m

Including impact induced by:


Expenditure on goods & services: £3.5m

Expenditure on salaries: £0.2m

⁶ The average percentage increases in *Yr Egin*'s monthly visitors between the first six months of 2018-19 and first six months of 2019-20 were used to produce estimates of visitor numbers for the period of 2019-20 affected by Covid-19. Average visitor expenditure figures (day visits of 3 hours or more) were drawn from *The Great Britain Day Visitor 2019 Annual Report*. See https://www.visitbritain.org/sites/default/files/vb-corporate/gbdvs_2019_annual_report_-_a.pdf

Most S4C suppliers (89%) who have business premises permanently located in Carmarthenshire indicated that S4C's re-location to *Yr Egin* had some positive impact on their turnover, profitability, costs, collaboration and on winning new work.

The case study below explores the specific impact *Yr Egin* has had on the local economy in Carmarthenshire.



YR EGIN

S4C's re-location to a brand new creative and digital centre on the campus of the University of Wales Trinity Saint David has generated significant economic impacts. During the **construction** phase, an estimated **£4m was spent in the Welsh economy** and, since becoming operational in 2018, the centre generates ongoing annual economic benefits. In **2019-20**, *Yr Egin* had an **estimated economic impact of £5.6m** on Carmarthenshire.

Construction phase

As anchor tenant, S4C's commitment to a long-term lease at centre helped secure further investment from the Welsh Government and the UK Government City Deal for the Swansea Bay City Region. Data from the lead construction contractor (Kier) show that the construction phase generated expenditure of **£4m in the Welsh economy**, with 19 Welsh contractors working on the project. This phase provided employment for a total of 8 apprentices, 8 new entrants and work experience placements for 18 people. In 2019, *Yr Egin* won the Commercial category in the RICS Awards Wales and was Highly Commended at the UK RICS Awards. In addition improvements to the local infrastructure have been made with a development of a **new road investment of £7.8m** delivered by Carmarthenshire County Council.

A vibrant community of tenant companies

Since opening, *Yr Egin* has become the location for a cluster of tenant companies and organisations, many from the creative industries. As well as S4C as an anchor tenant, *Yr Egin* has 12 tenant companies including: Asset Finance Solutions, Atebol, Boom Cymru, Captain Jac, Orchard Media, Gorilla, Highly, Whisper Cymru, Moilin, Optimwm, Stiwdiobox and Trywydd.

The tenant companies include start-ups and established companies that have seen the opportunity to open a second or third office at the centre. Carys Ifan, Director of *Yr Egin* notes that the co-location of companies has led to significant collaboration and networking between tenants, along with successfully raising the profile of the creative industries in the region, with S4C's relocation acting as a catalyst for this:

'It's a real creative community, Yr Egin is the interface for cross-pollination between the creative industries, the audience and the talent pipeline from the University. With S4C as the 'jam in the sandwich' giving creatives a focal point and bringing them together.'

A creative and cultural space for promoting the Welsh language and culture

Yr Egin has also become a studio location for TV and theatrical productions as well as an informal hub for creative businesses and individuals in the area. This has led to the centre hosting around 10,000 visitors annually, further generating expenditure and income for the local economy. Prior to the outbreak of Covid-19 in early 2020, monthly increases in the centre's visitors compared with 2018-19 suggest it had been on course to achieve around 16,000 annual visitors in 2019-20.

The centre hosts live TV audiences, theatre, musical and educational events as well as providing space for networking and social interaction. Gwilym Dyfri Jones, Provost at the University of Wales Trinity Saint David, explains how the centre is benefitting the area culturally:

'Part of the vision for Yr Egin was to bring S4C closer to its audience. By providing a high-quality, accessible studio space for production audiences it is literally doing that. It's attracting people from all backgrounds and providing a destination for them, and a sense of civic pride.'

Local economic impact

It is estimated that *Yr Egin* generated an economic impact of **£5.6m in Carmarthenshire** in 2019-20 through:⁷

- S4C and *Yr Egin*'s expenditure on salaries of staff living in Carmarthenshire in 2019-20.
- *Yr Egin*'s expenditure on goods and services from suppliers based in Carmarthenshire and annual visitor expenditure in the area.

⁷ This figure excludes the direct and induced impacts of S4C's expenditure on goods and services from other suppliers based in Carmarthenshire.

- Expenditure by *Yr Egin*'s tenant companies (excluding S4C itself) in Carmarthenshire in 2019-20.
- Induced impacts generated by the above.

Generating employment

It is estimated that 102 staff were employed at the centre in 2019-20 (prior to the Covid-19 pandemic) including staff employed by S4C, *Yr Egin* itself and the tenant companies. S4C employed 32 staff in 2019-20 who live in Carmarthenshire, while a further 25 staff and 3 apprentices work in Carmarthenshire but live elsewhere in Wales. The centre itself employs 3 full-time and 5 part-time staff, all of whom live in west Wales. Tenant companies also employ an estimated 40 staff based at *Yr Egin*.

Some S4C staff and employees of tenant businesses have moved to Carmarthenshire since the centre opened, while for others it has enabled them to remain in west Wales and work in the creative industries. Carys Ifan explains how this helps fulfil part of *Yr Egin*'s aim:

'Part of the vision for Yr Egin was to enable young people who want to work in the creative industries to remain in west Wales, and to attract others who want to return to the area. We're already seeing examples of this happening, with S4C, some of the tenants and local students working on productions at the centre.'

The centre also acts as a hub for education, training and entrepreneurial support with significant number of people accessing courses and training at the centre. During the coronavirus pandemic, much of this support has been delivered virtually.

Future development

While *Yr Egin* has already generated significant benefits in Carmarthenshire, stakeholders emphasised that the centre is part of a longer-term process of economic, cultural and linguistic regeneration in the area. Gwilym Dyfri Jones explains the important role S4C continues to play in that process:

'We're already seeing some positive impacts in terms of cultural, linguistic and economic regeneration, but this is a 25-year project for the area. S4C's commitment to Yr Egin is crucial to that.'

3.2.1 Levelling-up: creating jobs and growth in deprived areas of Wales

Many of S4C's suppliers are based in areas of Wales where GVA and average wages are well below the UK average, and where there are few large employers offering high quality employment. The benefits of S4C commissions to the economy and labour market in some of Wales' most socio-economically disadvantaged areas were highlighted by several production companies responding to the supplier survey:

‘Joio [production company] has been working in Port Talbot specifically for the last 3 years. Port Talbot is an area that has suffered badly economically over the years. Our productions have led to the creation of specialist jobs in a deprived area and have brought new investment to local businesses and providers. The establishment of Bang [drama series] in the town has led to a number of other television and film companies filming in the area. Our company's commitment to the town has meant that venue managers and other producers have discovered the area as a location and have encouraged series such as Brave New World, Casualty and Keeping Faith to film there too that brings additional economic benefit to the area.’ **Roger Williams, Joio**

‘The contribution of [company name] to this area’s economy with S4C’s support is vital. It’s been our policy from the beginning to create high quality jobs through the medium of Welsh and to create employment for young people in one of Wales’ most deprived areas.’

‘We’ve worked on a contract for S4C since 2008. The work has enabled us to employ many young people in the north east [of Wales].’

S4C supplier survey respondents

3.3 Impact on employment

**S4C expenditure supports the employment of an estimated:
2,435 people in the UK
2,229 people in Wales**

S4C directly employed an average of **101 staff** (FTE) in 2019-20, with a total of **134 individuals** employed during the year. A quarter (24%) of these individuals (32 staff) were living in Carmarthenshire. This includes five staff who re-located to Carmarthenshire following the re-location of S4C’s headquarters and ten who started working with S4C during or after the re-location to Yr Egin.⁸ In addition, S4C employed **56 freelance staff** during 2019-20.

⁸ This does not include staff who work in Carmarthenshire but live outside the area.

S4C directly employed an average of 101 full-time equivalent staff and 56 freelancers in 2019-20

S4C's expenditure on goods and services from production companies and suppliers generates further demand and employment in the economy. Analysis of the supplier survey enables us to estimate that S4C suppliers employed 774 staff and 590 freelancers whose employment can be attributed to S4C, with an additional 970 employees in the supply chain whose jobs are supported by S4C expenditure. This means that S4C supports an estimated **2,334 UK employees and freelancers** throughout its supply chain:⁹

Indirect and induced impact of S4C expenditure generates employment for:
2,334 employees and freelancers in the UK
2,128 employees and freelancers in Wales

Including both direct and induced employment effects, S4C generates estimated **employment** opportunities for **2,435** employees and freelancers in the **UK** and **2,229** employees and freelancers in **Wales**. It also generated work for a total of **245** employees and freelancers in **Carmarthenshire**.

Production companies who completed the supplier survey provided examples of the types of impacts S4C has on the employment of staff and freelancers by their companies:

'The work we are doing for S4C has created over 10 new jobs, as well as other opportunities. It enables the company to invest within the creative sector in Wales in ways that would either not be possible, or otherwise would be slower. This is very important in terms of offering opportunities in rural Wales.'

'S4C is crucial to us as a company, most of the company's work is commissioned by S4C, and a chunk of our income comes from S4C. It enables us to employ 35-40 freelance workers and it's important to us as a company to be able to support individuals and smaller companies too. S4C supports a lot of smaller companies and every commission creates new work for us.' **S4C supplier survey respondents**

⁹ The conclusions of this analysis are broadly consistent with the impacts in previous research on S4C's impact conducted by DTZ (2007) which found that S4C generated employment for 2,254 employees, including 605 in production companies, 536 sub-contractors and 936 in other sectors.

3.4 Return on investment

S4C generates a return on investment of £2.03 in the UK for every £1 income it receives

S4C's income in 2019-20 was £97.5m, of which £74.5m (76%) was from the UK TV license fee and £22.7m (23%) was from DCMS. Based on the total UK economic impact of £197.4m, it can be shown that:

- S4C generated a return on investment of **£2.03** in the UK for every £1 of income received.
- In Wales, the return on investment is estimated at **£1.45** per £1 received.

3.5 Fiscal impact of S4C

The direct, indirect and induced economic impacts generated by S4C lead to tax contributions made by businesses within the supply chain as well as those employed directly and indirectly by S4C. The estimated tax contribution generated are summarised below:

- The total business tax contribution made as a result of the direct and indirect economic effects is estimated to be **£80.6 million**. This includes:
 - £19.9m in taxes paid directly by S4C;
 - £60.7m paid indirectly via businesses within S4C's supply chain;¹⁰
- The total tax contribution made by those employed directly and indirectly by S4C is estimated to be **£2.7 million** including employee taxes and VAT contributions resulting from their expenditure on goods and services.
- Therefore, the total direct and indirect tax contribution generated by S4C's activities is estimated to be **£83.2 million**.¹¹
- This equates to **£0.86 of tax being returned** to the Treasury in the form of direct or indirect taxation for every £1 of income received by S4C in 2019-20.

3.6 Sector trends

Recent trends in the creative industries have had inflationary effects on production costs. Production companies interviewed as part of this study estimated that their **production costs have increased by between 5% and 30%** as a result of **Covid-19**. These cost

¹⁰ Based on VAT at 20% on all expenditure an effective average tax rate of 25% to account for corporation tax, business rates and other taxes. These are counted as leakages in the economic impact assessment.

¹¹ Figures are rounded to the nearest £0.1m for presentational purposes. These direct and indirect taxes are accounted for as leakages within the economic impact analysis and therefore cannot be considered as an addition to the economic impact generated.

increases were reported to be the result of complying with regulations by implementing additional safety procedures and the implications of these in terms of:

- staffing (e.g. employing compliance officers);
- equipment (e.g. PPE, ventilation);
- preparation (e.g. administration, risk assessments);
- time (e.g. reduced filming hours, reduced numbers of cast and crew on set concurrently);
- locations (e.g. having to adapt or move locations);
- travel and accommodation (e.g. cast and crew having to travel individually rather than as a group).

Another factor causing rises in production costs in Wales has been the **increase in network and international productions** filming in the country. The success of Wales in attracting these productions was reported to have led to **increased competition** for cast and crew, particularly those with most experience. Production companies reported that, while this has provided opportunities for new entrants, this is placing **upward pressure on production costs** and creating **skills shortages** in some roles. This is supported by evidence from a recent *BBC Value for Audiences* report which highlighted a more than 50% increase in some drama production costs because of increased competition and related inflationary pressures in recent years. The report notes that:

'Between 2013 and 2019, total UK SVOD revenues increased by over 300% to more than £1.2 billion. Netflix is the SVOD market leader with global revenues of more than £20 billion (and over £700 million in the UK), whilst Sky's revenue increased by over £10 billion between 2014 and 2020, and both continue to see significant year-on-year growth.

This dramatic rise in competition for quality UK content has led to above-average inflation within significant elements of the BBC's cost base, particularly in content costs such as drama and sport, as well as an increased pressure on our ability to retain talent. Over the period 2013/14 to 2017/18 the gross cost-per-hour of BBC commissioned noncontinuing drama rose from £1.1m to £1.7m.' **BBC Value for Audiences**¹²

Related to this, production companies highlighted the **good value for money** provided by S4C productions, reporting that **budgets for producing S4C outputs are significantly lower** than for other broadcasters.

Stakeholders noted that the ability of Wales-based production companies to work smartly and efficiently makes the Welsh television and film workforce and Welsh businesses, attractive to other national and international networks.

¹² See [BBC Value for Audiences](#) (February 2021).

4. S4C's wider impacts

The previous sections describe the economic impacts of S4C that can be quantified using primary and secondary data alongside various assumptions about tax and expenditure. However, it is also important to recognise the wider impacts of S4C on skills and training, the Welsh language and culture and how it contributes towards achieving national strategic objectives. Evidence on these impacts is presented below.

4.1 Skills and training

S4C plays a significant role in providing **strategic direction and funding for workforce training** via the independent body TAC which represents the independent Welsh TV production sector. Around **500** creative industries professionals (around 10% of these freelance workers) were trained via courses co-ordinated by TAC during 2020. A total of 33 courses were delivered by 15 providers during the year covering 15 areas of expertise. Stakeholders interviewed in as part of this research noted that S4C's funding of TAC since 2017 had been crucial during a period of limited funding for workforce training in the sector.

'S4C's financial contribution makes it possible for TAC to support the production sector in a robust, consistent and positive way that is worth more than just the funding to the broadcaster and the sector. The good reputation and high-quality work by production companies is valuable for S4C, and the relationship of TAC and S4C is a valuable one for both bodies, one in supporting the work of the other. Our training partnership has been at the heart of establishing and implementing a comprehensive and tailored plan for the industry across Wales, for TAC members, other production companies and freelance workers (who have been offered a free place since the start of the Covid-19 pandemic).'

Luned Whelan, Executive Manager, TAC (Representative body for Independent TV Production Companies in Wales)

S4C is an important funder of **apprenticeships**, both directly as an employer and indirectly through its spending on the independent production sector. Training providers note that **30-40% of creative industries apprentices in Wales work on S4C productions** during part of their work placement. Stakeholders praised the fact that S4C ensured that apprentices were included on commissions of certain value and its suppliers were able to give apprentices valuable experience which often led to them being credited on smaller productions.

'Lots of apprentices get to work on an S4C production and get a credit as well, which is huge deal for them to get on the career ladder. Without S4C that experience just wouldn't be available to them.'

Sue Jeffries, Sgil Cymru

S4C plays an important role in **brokering strategic partnerships** between funders, training providers and employers which helps support apprenticeship and other workforce training programmes. Stakeholders praised S4C's partnership working with other PSBs on initiatives such as the *Factual Fast Track* programme (alongside Channel 4 and the BBC).

Stakeholders also highlighted the role of S4C as a strategic partner in supporting higher education institutions to develop bids for UK Research and Innovation funding. HE representatives praised S4C's uniqueness within the UK, particularly in relation to back-to-back bilingual co-productions, and highlighted that this gave bidding consortia from Wales a unique selling point in developing funding bids.

4.2 Welsh language and culture

S4C's activities contribute towards achieving national policy objectives including the Welsh Government's aspiration of reaching a million Welsh speakers by 2050.¹³ In addition, S4C's activities support many of the outcomes set out in the Welsh Government's national strategy *Prosperity for All*, namely to ensure prosperous communities, to encourage ambition and learning and to create a more connected nation.

Stakeholders and production companies interviewed consistently raised the unique challenge facing S4C as a Public Service Broadcaster because of the diverse needs and high expectations of its audience. Several interviewees highlighted the range of traditional TV programmes with long-standing loyal audiences and innovative digital content.

'There's no other channel with such a wide brief, having to cater for all generations and in all parts of Wales.'

Stakeholder interview

Interviewees highlighted the variety of ways in which S4C had responded rapidly to audience needs during the pandemic as evidence of how S4C reflects its viewers.

'S4C's response to Covid, and the way it's maintained its relationship with the audience has been a real strength. They quickly commissioned a variety of content, from religious programmes for those unable to go to places of worship and modern drama profiling life in lockdown.'

Stakeholder interview

Stakeholders considered that S4C's willingness to pursue partnerships with other broadcasters for commissioning co-productions in Welsh and English had been beneficial in

¹³ See [Cymraeg 2050: a million Welsh speakers](#) (Welsh Government, 2017)

raising the profile and status of the Welsh language in the UK and internationally. Those interviewed felt that this had promoted the high quality of Welsh language productions and the creative industries workforce in Wales.

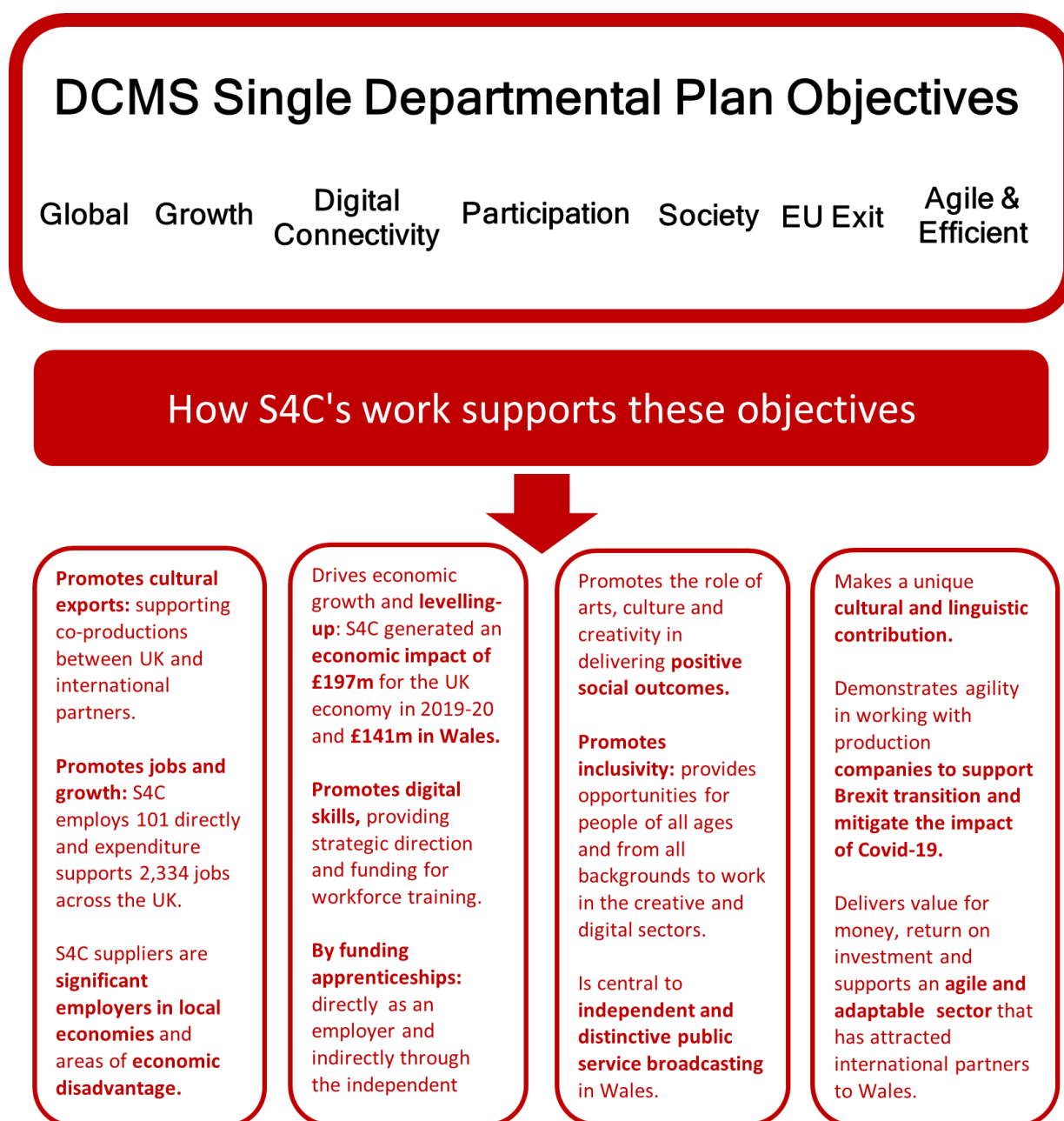
4.3 DCMS objectives

The DCMS Single Departmental Plan 2019 sets out a series of overarching objectives. S4C contributes towards achieving these in a number of ways including through:

- driving economic **growth, employment** and **regeneration** by providing opportunities for production companies from Wales to compete at UK level and support the levelling-up of socio-economically deprived areas;
 - See Sections 3.2 and 3.3 and Section 5 case studies for Rondo Media, Cwmni Da, Darlun, Chwarel and Telesgop;
- generating **global exports** through international distribution of content and sales of co-productions;
 - See Section 5 case studies on Rondo Media, Telesgop and Cwmni Da;
- responding in an **agile and efficient** way to support the sector during **Covid-19** and the process of the UK **leaving the EU**;
 - See Section 4.3 above and case study on Vox Pictures and *Cyswllt* (Lifelines), a three-part series reflecting life during lockdown with central characters of different ages battling a range of issues.;
- reflecting the **needs of its audience and society**;
 - See Section 4.2 above and case studies;
- funding and supporting strategic partnerships in developing **skills and training**;
 - See Section 4.1 above.

S4C contributes to these and other DCMS objectives as illustrated in Figure 1 below.

Figure 1. How S4C contributes to DCMS' Single Departmental Plan objectives



5. Case studies

S4C's impact on the independent production sector across Wales is illustrated in the case studies below. The case studies demonstrate how S4C has an impact on production companies across Wales by:

- providing employment for staff and freelancers;
- generating induced expenditure in local economies;
- supporting the Welsh language and culture;
- facilitating partnerships for co-production;
- helping companies access international markets and compete globally.

Figure 2. Locations of S4C supplier case studies



RONDO

RONDO MEDIA

Sector: Independent multi-genre production company

Locations: Caernarfon, Anglesey, Cardiff

Employees: 73, rising to 130 (including freelancers) during filming

Background

Rondo Media is one of S4C's main suppliers, providing a variety of content including drama, sport, factual and entertainment content. Two thirds of its 73 staff are based in Gwynedd and Anglesey, areas where most of the population are Welsh speakers and where average wages are significantly below the UK average. Through its operations in three locations across Wales, 85% of Rondo Media's expenditure is on suppliers and freelancers based in Wales.

A dramatic local impact

One of the company's largest productions for S4C is the long-running soap *Rownd a Rownd* which is filmed in studio locations in Anglesey and Caernarfon or on location in the north-west of Wales. The production employs 50 actors and around 80 freelance technical and production staff for substantial periods of the year, meaning that *Rownd a Rownd* alone would be among the largest employers in an area where just 1% of businesses employ over 50 people. Its significance as an employer has increased recently with Horizon Nuclear Power's decision not to proceed with Wylfa Newydd.

Supply chain impacts

Most of the drama's budget is spent locally, with 71% of the budget spent on employing people, representing £4m of annual expenditure in the local economy. This has significant benefits for the supply chain, with a local set design company securing over £90,000 of work in 2020 and a local catering company securing around £85,000 of work annually. In addition, £80,000 of the budget pays for the rights to use Welsh language music on the programme, making it the production which contributes most economically to the Welsh language music sector.

Investing in the future of drama

In 2020, Rondo invested in developing a new drama studio in Llangefni, Anglesey, assisted by *Cymru Greadigol*, with a view to attracting further support based on the jobs and expenditure being safeguarded in a socio-economically deprived area. The company is currently working with partners to develop a business plan for developing the facility as

a specialist studio space for drama, alongside a skills and training plan for developing drama production in the area.

Sports coverage

Rondo produces international and domestic football coverage under the long-standing *Sgorio* brand. During 2019-20, *Sgorio* achieved a reach of 366,000 viewers (Wales v Hungary Euro 2020 qualifier). The series also attracts a large social media following, with over 11 million viewing sessions across *its* accounts (Facebook, Twitter and YouTube). Like *Rownd a Rownd*, the series uses significant amounts of Welsh language background music, which has particularly helped to support artists during the pandemic.

Working with other networks

S4C commissions have provided Rondo with a platform for competing at UK level and bringing economic activity to north-west Wales. Chief executive, Gareth Williams describes S4C's impact on the group's growth and ability to attract further commissions:

'S4C's economic impact on our business is very significant. This effect includes winning new work with other broadcasters such as the BBC and Channel 4. In 2020, we successfully secured investment from Channel 4's Growth Fund for one of our sub-companies, Yeti.'

Competing globally

S4C has also helped Rondo export their productions globally. Rondo Media group productions have attracted a gross income of over £200,000 from international sales to networks in 13 countries across the globe, including Discovery (USA), SBS (South Korea), Telefonica (Spain), NHK (Japan) and Histoire (France). The company also works with a range of distributors including UK PSBs, Cineflix, DCD Rights, Acorn, Passion ac Orange Smarty. Examples of Rondo's successful international co-productions involving S4C include:

- *Philip Jones Griffiths: Ffotograffydd Rhyfel Fietnam* (The Man Who Shot Vietnam)
 - Gross income of £40,000 up to January 2021 including from Telepool (Germany) RAI (Italy) and Discovery USA.
 - Winner of the *Hollywood Independent International Award for Best Foreign Feature* and *Silver World Medal winner New York International Film Festivals*.
- *Y Wal* (The Wall). Exploring six of the world's most iconic walls in the USA and Mexico, Israel and Palestine, Cyprus, Korea, Northern Ireland and Berlin.
 - A co-production between Rondo S4C, JTV, TG4 a Cineflix with investment also provided by Welsh Government. This series was broadcast on JTV and SBS in South Korea, with an estimated 2.5 million viewers and sales of £200,000.

Gareth Williams emphasises the importance of S4C as a partner in helping Rondo develop these partnerships:

'These distributors and others certainly recognise S4C as a partner and significant broadcaster with the potential for co-productions and other projects for the international market.'



VOX PICTURES

Sector: TV and film production company

Location: Cardiff

Employees: 5 full time, increasing to an average of 55 during productions and around 10 in post-production companies used by the company.

Background

Vox Pictures is an independent television and film production company which has produced the BAFTA award winning drama series *Un Bore Mercher / Keeping Faith* – a co-production between S4C and BBC Wales which was filmed concurrently in Welsh and in English. The company has recently completed a six-part drama series (*Fflam*) which first aired in February 2021.

Success of back-to-back productions

Vox Pictures has benefited from S4C's drive to commission 'back-to-back' Welsh and English-language co-productions in recent years. The company note that *Keeping Faith*'s success – becoming BBC iPlayer's most-downloaded non-network show (over 9.5 million downloads) in 2018 – would not have happened without S4C commissioning *Un Bore Mercher*. S4C has also supported Vox Pictures in helping to broker partnerships with distribution companies, that have enabled their programmes to be aired around the world.

S4C's responsiveness during the pandemic

S4C's rapid commissioning rounds during 2020 provided opportunities for independent production companies to respond to changing audience needs during the pandemic. Through this, Vox Pictures won a commission to produce *Cyswllt* (Lifelines), a three-part series reflecting life during lockdown with central characters of different ages battling a range of issues. The series was filmed using only laptops and phones, reflecting the way audiences communicate during lockdown. Producer Llyr Morus feels that S4C's wide ranging audience creates a unique challenge for the broadcaster, but that it works closely with production companies to overcome this.

'It's all important that we reflect Welsh life and society in Wales, and S4C does push you to do this. Other networks want to do this too, but don't always succeed like S4C. It's also been pretty nimble in the way it's responded since Covid, leading to a series like Cyswllt, focused on lockdown life, for example.'

Skills needs and partnership working

Vox Pictures note that S4C has played an important role in developing pathways in the sector for professionals and production companies, particularly smaller businesses. Llyr Morus notes that this has played a role in Wales' success in attracting large UK network and international productions in recent years.

'The standards of professionalism set by S4C are really high, and the fact that so many people who started on S4C have gone on to other productions shows this.'

The company recognises the importance of continuous dialogue between S4C and the sector, particularly in relation to skills needs and shortages affecting small companies in the sector. Wales' success has created challenges when recruiting talent and crew, but Llyr notes that S4C works closely with the sector to help production companies respond to this.

'This [increase in productions filming in Wales] can create a shortage of crews which means we have to discuss the [skills] gaps regularly, as talent moves on.'

The company has worked with *Sgîl Cymru's* apprenticeship scheme and feels this provides important pathways for new entrants, paving the way for a new generation of creative professionals in the sector.

chwarel

independent film & radio
ffilm a radio annibynnol

CHWAREL

Sector: Independent TV production company

Location: Criccieth, Gwynedd

Employees: 10, with up to 40 freelance workers during productions

Background

Chwarel is an independent production company, specialising in documentaries. The company was founded in 2001 and employs 10 people in Criccieth, a town where 64% of the population can speak Welsh. This makes it a significant employer in a town where local businesses employ a total of 600 people (Office for National Statistics, 2019).

One of Chwarel's most recent commissions for S4C is *Ty Am Ddim*, a Welsh-language version of *The Great House Giveaway*, which the company produces for Channel 4. This series brings together two strangers to buy a house at auction, and then provides them with a budget to refurbish and sell the house six months later.

Winning work in a competitive market

The company has worked on several productions for S4C and has also established itself winning commissions with other broadcasters including Channel 4 and BBC Wales. The company's founder and owner Sioned Wyn described the challenges of operating as a small business in a highly competitive independent sector in Wales:

'One of our strengths is that we're agile, we can move really quickly. This comes from having had to fight for every commission. There's only so much work, and it's pushed us to be agile and break out of Wales too.'

A platform for further growth

Winning work with S4C has helped Chwarel build the company's track record, providing a platform for further growth and recognition. This has recently led to Channel 4 selecting Chwarel as one of eleven independent UK production companies to benefit from its brand new *Emerging Indie Fund*. This fund is designed 'to help small, new or emerging indies outside of London break through key stages of growth'. Sioned Wyn describes how working with S4C has contributed to the company's success:

'It's hard to 'break-in' with a new broadcaster – everyone has their 'go to' companies which they trust. Our track record with S4C has been essential to us with other broadcasters.'

Bilingual ‘back-to-back’ co-productions

The emergence of ‘back-to-back’ Welsh and English-language co-productions encouraged by S4C, is a recent innovation which Chwarel consider to be mutually beneficial to the sector and audiences. The company see bilingual productions as efficient to broadcasters in helping reduce production costs while also improving quality and helping to promoting programmes to target different audiences.

Skills and recruitment: ongoing challenges

A limited pool of workers and skills shortages, particularly in rural areas, continue to be a challenge for companies like Chwarel when recruiting. One of the ongoing challenges identified by Chwarel is in the need for industry-standard training and professional development opportunities. S4C’s role as a partner in working with the sector to develop training and development opportunities is seen as an important future priority for companies like Chwarel.



TELESGOP

Sector: Independent multimedia production company

Location: Neath Port Talbot

Employees: 30

Background

Telesgop is a multimedia production company, established in 1993, which creates content for TV, radio, digital media and educational projects. It produces a variety of content for S4C, including long-established agricultural show *Ffermio* (first aired in 1997, current run 44 episodes, reach of 98,000) and the recent climate change documentary series *Her yr Hinsawdd*. Telesgop also produces programmes for other PSBs and a variety of educational content and resources for Welsh Government.

A knowledgeable audience and the need for credibility

Programmes such as *Ffermio* have attracted a loyal and knowledgeable set of viewers over many years, who demand programmes which are informative and credible. The company's Managing Director Dyfrig Davies emphasises that Telesgop need staff who understand rural communities and can produce programmes that meet viewers' expectations:

'A large S4C commission like Ffermio, provides us with the stability to employ a significant number of full-time staff. This helps drive down production costs but also means staff have the expertise and credibility that the audience demands.'

S4C has worked flexibly with Telesgop to develop one-off series to seek to capitalise on the recognition of its well-established programmes such as *Ffermio*.

Impact on language and culture

Around 80% of Telesgop's workforce lives in south-west Wales, an area with a high proportion of Welsh-speakers. Dyfrig highlights the important role of S4C commissions in enabling them to employ staff who contribute economically to their local areas, and also play a significant role in maintaining the social and cultural vitality of Welsh-speaking communities.

'Many of our staff live in rural Welsh-speaking communities, and make a huge contribution to the social fabric of their areas through being community leaders of Young Farmers Clubs, community councils, choirs, aelwydydd (Welsh language youth clubs). Without S4C commissions, the social and linguistic impact of them having to seek work elsewhere would be massive.'

Building expertise to work beyond Wales

Telesgop has developed its expertise and experience of producing factual programmes, particularly focused on rural life and locations. The company produces regular agricultural news bulletins for BBC Cymru, drawing on the expertise and knowledge of the team that produces Ffermio. The company has also had recent success with commissions for the BBC One Show and BBC 4, such as the *Our Lives* series.

'We've got a bank of knowledge and experience in the team which has enabled us to win work with the BBC. We wouldn't have had that competitive advantage without our work with S4C. In some cases, I'm not sure they would have considered us without that track record.'

Global success

Commissions for S4C have also led to international success; the documentary *John Denver: Country Boy* being sold widely in the US and Canada, and an S4C documentary 'Y Cymro a laddodd Richard III' ('The Man Who Killed Richard III') being distributed worldwide. The company attributes these global successes to S4C.

Telesgop felt S4C has helped foster a competitive independent production sector in Wales and that it is an effective partner in brokering opportunities to distribute productions internationally. The company sees this as an area of potential further development, as international markets and opportunities for co-productions grow.

GORILLA

GORILLA

Sector: Full service post production house specialising in broadcast media and film.

Location: Cardiff and Carmarthen

Employees: 60

Background

Gorilla is Wales's largest post-production company. Established in 1999, Gorilla occupies 5 floors at its headquarters in Cardiff Bay with annex facilities in the city. Gorilla is a full service, end-to-end post-production facility delivering hundreds of hours of content to Welsh, UK and International Broadcasters, with a state-of-the-art facility, consisting of over 100 Avid edit suites, UHD/HDR colour grading, audio suites, VFX and a 24/7 technical team with Netflix and BBC Worldwide accreditation. They started as a small company 20 years ago and have now grown to about 60 staff.

In a Welsh context, the company has a close working arrangement with Boom Cymru, and provides all of its post-production, most of which is for programming commissioned by S4C. Gorilla also delivers services to other production companies, including high-end network programming. This includes working with Bad Wolf on *His Dark Materials* and *Discovery of Witches* series.

S4C as a facilitator of investment in infrastructure and professional development

While Gorilla works with many production companies, all work is delivered in Wales and all staff are Wales-based. The company has grown and has been able to reach out to new markets, however work for S4C is described as the company's 'bedrock'.

'In terms of business planning, there is often limited visibility with regard to post-production – we are reliant on others. What S4C does for our company (and the wider industry) is it gives us high visibility of work. We know that there will be consistent work for us next year and this gives us the confidence and security to invest in capital, to develop quality and to give full-time employment that allows for training and upskilling.'

The company's managing director stated that S4C has enabled Gorilla to compete and offer production values and services to external companies that are world-class. In return, those high-quality services are fed back into S4C programming.

More recently, Gorilla has pioneered systems for remote editing, investing heavily in media storage facilities for VFX, which have proved extremely useful during the Covid 19 pandemic. Gorilla continues to provide opportunities for post-production trainees,

developing their own capacity as a company and supporting wider workforce development.

Gorilla's partnerships and collaborations

Gorilla's Managing Director, Rich Moss, also underlines the importance of S4C in supporting Gorilla's partnerships and strategic collaborations. The work the company has done for S4C has led to work with a range of partners.

'We collaborated with S4C (and at the time – BBC Wales) to create and build a media suite at Canolfan S4C Yr Egin in Carmarthenshire. This provides the creative community in the area with access to full broadcast standard facilities, be they production companies, theatre groups, corporate clients or individuals.'

In addition to their creative contributions to programming, Gorilla also provides technical support to a range of production companies, including live delivery direct to broadcasters.



CWMNI DA

Sector: Independent media production company

Location: Gwynedd

Employees: 53

Background

Cwmni Da, based in Caernarfon, is one of S4C's largest producers with an annual turnover of approximately £5 million. The company provides professional careers and training in an economically deprived area, where the average weekly pay is 15% lower than the UK average. Cwmni Da also produce for the international market, with productions broadcast in Asia and Europe. Their productions have won awards in China, Canada, New York and many BAFTA Cymru, Celtic Media and at the Royal Television Society awards.

A significant employer and an employee-owned business

The company provides high quality employment in Gwynedd, a local authority in which just 1% of businesses employ 50 or more people. The company recently became an employee-owned trust – a new ownership model for the media industry – which aims to benefit its employees, the local economy and wider community. All the company's staff live in Wales, and 90% of the company's expenditure on goods and services is on suppliers based in Wales. Director of Finance, Bethan Griffiths explains how the company plays an important role in the local economy and the wider area:

'With close links to Dublin and media hubs in Liverpool and Manchester, our company is perfectly placed for a post-Brexit world, providing job security which is of huge benefit to the local economy. Becoming an employee-owned company enables us to develop further knowing we control our own destiny.'

Co-productions and 'back-to-back' bilingual productions

Currently Cwmni Da is the lead producer on a £630,000 international co-production factual series, *Rain the Untold Story*, with partners in Britain, Ireland and China. This follows a similar co-production with the same partners, *Tide*, which also sold worldwide.

They have created content for S4C and other UK public-service broadcasters. Examples of productions aired ‘back-to-back’ in Welsh on S4C and in English on BBC4 include: *The Toilet: An Unspoken History / Tai Bach y Byd* and *Pagans & Pilgrims: Britain’s Holiest Places*.

Other co-productions involving S4C include *Codi Wal* (Sky), a documentary that dramatises the night the Berlin Wall was built, and *Rhyfel Mawr Trwy Lygaid Ifanc* (with leading German producers Looks Film which was an Europe-wide partnership) This was a drama-documentary based on the experiences of children across Europe during the First World War. Managing Director Llion Iwan describes the importance of these partnerships to the company:

‘As budgets are squeezed, finding and working with international partners, as both funders and producers, is becoming increasingly important. It provides invaluable experience in production, legal and business affairs and builds bridges for future strong partnerships.’

International distribution

Cwmni Da has worked in partnership with S4C to make Welsh language films available on Amazon Prime Video worldwide for the first time. Two films produced under the *S4C Original* banner, *47 Copa* and *Ar Gefn y Ddraig* were recently added to the global platform as part of S4C’s drive to showcase original content from Wales internationally. Managing Director Llion Iwan describes the significance of this for the company:

‘International co-productions provide opportunities for our staff to develop their skills, to engage in the global market, which is sound business practice for the company and enables us to raise our production values.’



DARLUN TV

Sector: Independent television production company

Location: Gwynedd

Employees: 3, rising to include as many as 40 freelancers during productions

Background

Darlun TV, based in Caernarfon, was founded in 2014 and has grown quickly, mainly through S4C commissions, to establish itself as one of Wales' fastest growing independent television producers. Darlun TV specialises in factual and entertainment programmes. Recent commissions for S4C are *Gwesty Aduniad* (Reunion Hotel), *Helo Syrjeri* (Hello Surgery) and *Ysgol Ni: Maesincla*, (Our School: Maesincla), a series based around a primary school in Caernarfon which recently won the BAFTA Cymru award for Best Factual Series.

Importance of S4C for start-ups

Winning commissions with S4C has enabled Darlun TV to grow quickly and establish a platform for growth, providing employment opportunities in a socio-economically deprived area. Managing Director Arwyn Evans describes how S4C has had a significant positive impact on the company:

'As a relatively new company, S4C have been really supportive in helping us grow as a company as well as creatively. We find them to be really accessible, responsive, and open to discussions. They also make decisions more quickly than other broadcasters, but without compromising on quality or the creative process.'

Reflecting S4C's audience

Darlun TV productions often focus on portraying aspects of the community in north west Wales, a core part of S4C's audience. Their BAFTA Cymru winning series *Ysgol Ni: Maesincla* (Our School: Maesincla) profiled a primary school in Caernarfon, a town with one of the highest concentrations of Welsh speakers where 85% of the population can speak the language. The series profiled pupils at home and in school, and re-visited the school's experiences during the lockdown period and during the re-opening in 2020.

'Reflecting our local area is important to us, especially during such a challenging period. It's an area with economic problems, so being able to provide employment opportunities here is really important.'

Expanding horizons

Darlun TV's work for S4C has enabled the company to build its reputation and achieve success elsewhere. In addition to S4C, Darlun works with other UK broadcasters as well as international distributors including SONY TV, All3Media and Orange Smarty. The company's success has led to one of the company's documentaries *Hen Blant Bach*, winning a silver medal in the New York Film Festival (Community Portraits category) as well as a Celtic Media Festival award. *Hen Blant Bach* showed nursery-age children sharing their day care with older people at care centres in Wales. The series was considered innovative and pioneering, exploring the potential for of intergenerational care in society.

Local economic impact and social partnerships

The company places a high value on working with local businesses, public bodies and charities. On average, 90% of its production budgets are spent locally in north-west Wales, an area of socio-economic deprivation. As part of *Gwesty Aduniad* (Reunion Hotel), a series which brings people together who have lost contact or who want to make contact for the first time, Darlun TV worked closely with PAC-UK – the UK's largest independent Adoption Support Agency. As part of the development of *Hen Blant Bach*, Darlun TV worked closely with nearby Bangor University to co-construct a post-doctorate research role examining the impact of intergenerational care in society. It also led to the local authority employing an intergenerational officer. Arwyn Evans emphasises the importance of these economic and social partnerships to their work:

'Our partnerships with public bodies, private companies and charities are really important to us.'

WHISPER CYMRU

Sector: Independent media production company

Location: Carmarthen and Cardiff

Employees: 10

Background

Whisper Cymru is a production company with a base at Yr Egin in Carmarthen, where S4C is the anchor tenant. The company, which is part of The Whisper Group (part of Sony Pictures Television), specialises in sports and entertainment content and recently merged with Lens 360, a Carmarthenshire-based start-up founded by Carys Owens in 2016.

As Managing Director of Whisper Cymru, Carys sees opportunities to build on the collaborative success the two companies had co-producing the Rugby World Cup for S4C, Live Women's Rugby and *Dyddiau Da Cwpan Rygbi'r Byd* (Rugby World Cup catch-up):

'We are hugely excited about our future relationship with Whisper and the opportunities it will bring to Carmarthenshire and Wales.'

Jamie McIntosh, Line Producer, Whisper Cymru said:

'S4C is central to broadcasting in Wales and producing the Rugby World Cup for them in 2019 was a real honour. They are an important client to Whisper Cymru as well as The Whisper Group and we look forward to continuing to develop our on-going relationship with them throughout 2021 and beyond.'

Levelling-up: attracting jobs and growth to west Wales

Whisper Cymru employs two staff at Yr Egin, where Lens 360 were previously based, with eight additional staff based at the company's recently expanded Cardiff office. Carys Owens hopes the merger will enable the company to expand further and attract more staff to work in Carmarthenshire and help retain young people in the area:

'We are hoping to grow in 2021 and to offer new staff, particularly those under 23 years old, opportunities to be based at our Carmarthen office.'

As well as benefitting the local economy, Carys believes there are benefits to both the company and its staff from being based in west Wales:

'Although the Cardiff office is still a draw to people, we have seen a big rise in opportunities with commissioning, as well as cost-savings for staff, for those that have the option to base themselves at Carmarthen.'

Covid-19 and its effect on sports broadcasting

Working with S4C has had a positive impact on Whisper Cymru's turnover and opportunities for collaboration. Although Covid-19's effect on sports broadcasting has created significant challenges for the sector, Carys Owens remains optimistic about future opportunities following the pandemic:

'During the pandemic, we experienced a drop in sports productions with S4C, which had an impact on the business. However, sport is returning and we have been very busy in recent months. We are targeting growth and are hopeful that opportunities will arise to offer additional jobs in Wales and Carmarthen.'