

Archwilydd Cyffredinol Cymru
Auditor General for Wales

The Welsh Government's relationship with Pinewood



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU



I have prepared and published this report in accordance with the Government of Wales Act 2006.

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

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Summary report

What this review is about

- 1 In February 2014, the Welsh Government purchased the former Energy Centre site at Wentloog¹ for £6.3 million to develop as a film and TV studio in collaboration with Pinewood Shepperton Plc (Pinewood).
- 2 Shortly afterwards, Welsh Government Ministers entered into a 'Collaboration Agreement' with two newly established subsidiary companies of Pinewood. The agreement involved the Welsh Government:
 - leasing the Wentloog studio to Pinewood;
 - establishing a £30 million Media Investment Budget (for which Pinewood would source productions suitable for Welsh Government investment); and
 - sponsoring Pinewood to market and promote both the studio and the investment budget.
- 3 By entering into this Collaboration Agreement, over five years, the Welsh Government expected to generate an estimated £90 million production spend in Wales, creating or safeguarding at least 1,950 full-time equivalent job years.
- 4 In order to deliver the benefits of the Media Investment Budget, the Welsh Government created an independent Media Investment Panel to scrutinise the investment proposals identified and put forward by Pinewood.
- 5 Members of the Panel² decided in August 2016 that the Collaboration Agreement was unlikely to meet the Welsh Government's expectations for the performance of the investment budget. In January 2017 Pinewood confirmed its willingness to renegotiate the terms of the Collaboration Agreement.
- 6 Following negotiations, the Welsh Government and Pinewood entered into a new 'Management Services Agreement' on 1 November 2017.
- 7 There has been political and media interest in the new agreement and the events leading up to it. An Assembly Member has raised concerns with the Auditor General about the terms of both the original collaboration agreement and the new management services agreement.
- 8 The National Assembly's Culture, Welsh Language and Communications Committee is currently conducting an inquiry into major film and television production in Wales.

1 Located between Newport and Cardiff.

2 In conjunction with members of the Welsh Government's Creative Industries Sector Panel.

- 9 This 'facts only' report sets out the key matters relating to the Welsh Government's agreements with Pinewood. We have not examined the value for money the Welsh Government has obtained from the Collaboration Agreement or the effectiveness of its work in promoting this sector of the Welsh economy.
- 10 **Appendix 1** sets out our audit approach and methods, and **Appendix 2** sets out a timeline of key events.
- 11 **Appendix 3** sets out the Welsh Government's overall approach to promoting Wales as a venue to produce high-impact film and TV productions, whilst **Appendices 4 and 5** provide further details about the Media Investment Budget.

Key findings

- 12 In February 2014, the Welsh Government purchased the former Energy Centre site at Wentloog for £6.3 million to develop as a film and TV studio in collaboration with Pinewood. The building was renovated at a cost to the Welsh Government of £3.1 million. This included unforeseen roof repairs of just under £1 million.
- 13 The Welsh Government also acquired a Grade II Listed Farmhouse as part of the purchase. This needed improvements of around £360,000 to meet required standards. Although the farmhouse was seen as a potential valuable asset, it has not been renovated as planned and remains derelict on land adjacent to the main Wentloog site.
- 14 Shortly after the Wentloog site was purchased, Welsh Government Ministers entered into a 'Collaboration Agreement' with Pinewood Shepperton Plc to promote TV and film production in Wales. The agreement involved the Welsh Government:
 - leasing the former Wentloog Energy Centre to Pinewood Studio (Wales) Ltd over a 15 year term;
 - redeveloping the site and branding it 'Pinewood Studio Wales';
 - creating a £30 million Media Investment Budget, to be made available over a period of five years for investment in film and TV development, production and distribution. Pinewood Film Advisors (Wales) Ltd was established and appointed to identify and formulate production proposals to utilise the budget; and
 - 'sponsoring' Pinewood Studio (Wales) Ltd to market and promote the new film and TV studio and media investment budget at an annual cost of £525,600 over a five year term.
- 15 The Welsh Government established a new and independent Media Investment Panel to decide which productions sourced by Pinewood should be supported by the investment budget and by what type(s) of funding package.
- 16 By August 2016 members of the Media Investment Panel and Creative Industries Sector Panel had become dissatisfied with the performance of the Media Investment Budget, which was lower than anticipated.

- 17 The latest available figures show that £13.8 million of the £30 million budget has been invested across 14 projects. A total of £4.3 million has so far been recouped from the projects supported. One project has recouped more than its original investment; four projects have recouped some of their original investment and nine projects have not yet recouped any of their original investment. These projects are in various stages of development; some have not yet benefitted from international cinematic release or TV broadcast, and funds will continue to be recouped through auxiliary sales.
- 18 Welsh Government officials advised the Cabinet Secretary for Economy and Infrastructure in August 2016 of their concerns about the budget's performance. These concerns were:
- a greater number of higher-risk investments being put forward by Pinewood because productions could obtain lower-risk funding from other sources;
 - Pinewood's operating model meant it was reluctant to invest its own money in these higher-risk projects alongside the Welsh Government; and
 - Pinewood might be conflicted in its involvement with the budget as it also had an interest (not prohibited under the Collaboration Agreement) in providing its own London-based services to the industry. Welsh Government officials felt that a perception had arisen amongst other companies that Pinewood had an unfair competitive advantage in securing post-production work in Wales. They therefore considered that this had the potential to reduce the economic benefits to Wales.
- 19 By January 2017, Pinewood had been acquired by new owners, and informed the Welsh Government of its willingness to introduce a new arrangement for operating the studio. By this time:
- Pinewood had adopted a new international business model, focussing on the provision of studio facilities instead of investing directly in TV and film productions;
 - the height of the eaves at Pinewood Studio Wales (25 feet) had been identified as a limiting factor, as the site was unable to accommodate higher-budget film productions which required aerial panoramic perspectives; and
 - the anticipated demand for the studio had not materialised, resulting in it being run at a loss to Pinewood once the initial two-year rent-free period had ended.

- 20 Pinewood executives told us that the opening of a new film and TV production studio by Bad Wolf Studios (Wales) Ltd in Trident Park, Cardiff, in May 2017 had a detrimental impact on the occupancy of Pinewood Studio Wales. The number of enquiries they received for it had fallen as a consequence, although demand for Pinewood studios within the UK remains strong.
- 21 Bad Wolf has benefited from a £9 million funding package from the Welsh Government which is structured as an initial £4.5 million repayable loan that can be converted into non-repayable grant funding if certain milestones are met in relation to production spend in Wales. The Welsh Government will release the remaining £4.5 million as grant payments if additional production spend targets are met. In addition, the Welsh Government leases to Bad Wolf, on commercial terms, the Wolf Studios Wales facility in Cardiff Bay.
- 22 Welsh Government officials told us that demand for studio facilities will fluctuate as productions come and go but, in their view, demand for the Wentloog site had been affected by a change of focus after a change in ownership at Pinewood.
- 23 Welsh Government officials do not believe there has been a drop in enquiries for Pinewood since Wolf Studios Wales opened its doors. In the last 12 months, Wales Screen has conducted studio visits with major productions on ten occasions. Pinewood was not included on only two of these occasions and both were a result of producer choice. The Welsh Government considers that Wales Screen³ promotes all facilities in Wales equally, however that assertion is contested by Pinewood. To date, Wolf Studios Wales has only been home to Bad Wolf productions, whereas Pinewood has been used for productions from the BBC, Channel 4 and independent film companies.
- 24 In October 2017, the Cabinet Secretary for Economy and Infrastructure accepted his officials' advice to terminate both the Lease and the Collaboration Agreement with Pinewood, and to place the Media Investment Budget on hold.

3 See Appendix 3 for more details about Wales Screen.

- 25 On 1 November 2017, the Welsh Government entered into a new three-year 'management services agreement' with Pinewood Studios (Wales) Ltd. This new agreement contains two complementary parts; the sales and marketing of the studio and the studio operation and management services. The Media Investment Budget is now being managed by Welsh Government officials.
- 26 The annual net cost to the Welsh Government of the management services agreement is estimated to be £392,000 (plus an additional annual management fee to Pinewood, which has been redacted from this report on the grounds of commercial sensitivity⁴).
- 27 This net cost estimate assumes that the annual revenue forecast of £714,000 which was included in the submission to the Cabinet Secretary is realistic. However, that annual revenue forecast was supplied by Pinewood based on the pipeline of projects in March 2017 and before the opening of Bad Wolf Studios. Pinewood had added the caveat at the time that these revenues could be lower due to increased competition from Wolf Studios. Welsh Government officials told us that the reliability of the revenue forecast was tested and scrutinised by officials and also by independent property advisors.
- 28 Welsh Government officials recognise that these financial projections do not represent good value for money. However, in their view it was more financially advantageous to enter into a three-year agreement with Pinewood⁵ with the prospect of generating some commercial revenues, compared to the costs that the Welsh Government would have incurred by leaving the site empty whilst they searched for a new tenant.

4 See Paragraph 3.13, Exhibit 10 and Footnote 29 for further explanation of the reasons for this redaction

5 This agreement included a clause permitting either party to terminate with six months' notice, after the initial 12 months.

Part 1 – Establishment of the Welsh Government’s Collaboration Agreement with Pinewood in February 2014

Welsh Government Ministers entered into a Collaboration Agreement with Pinewood to promote TV and film production in Wales

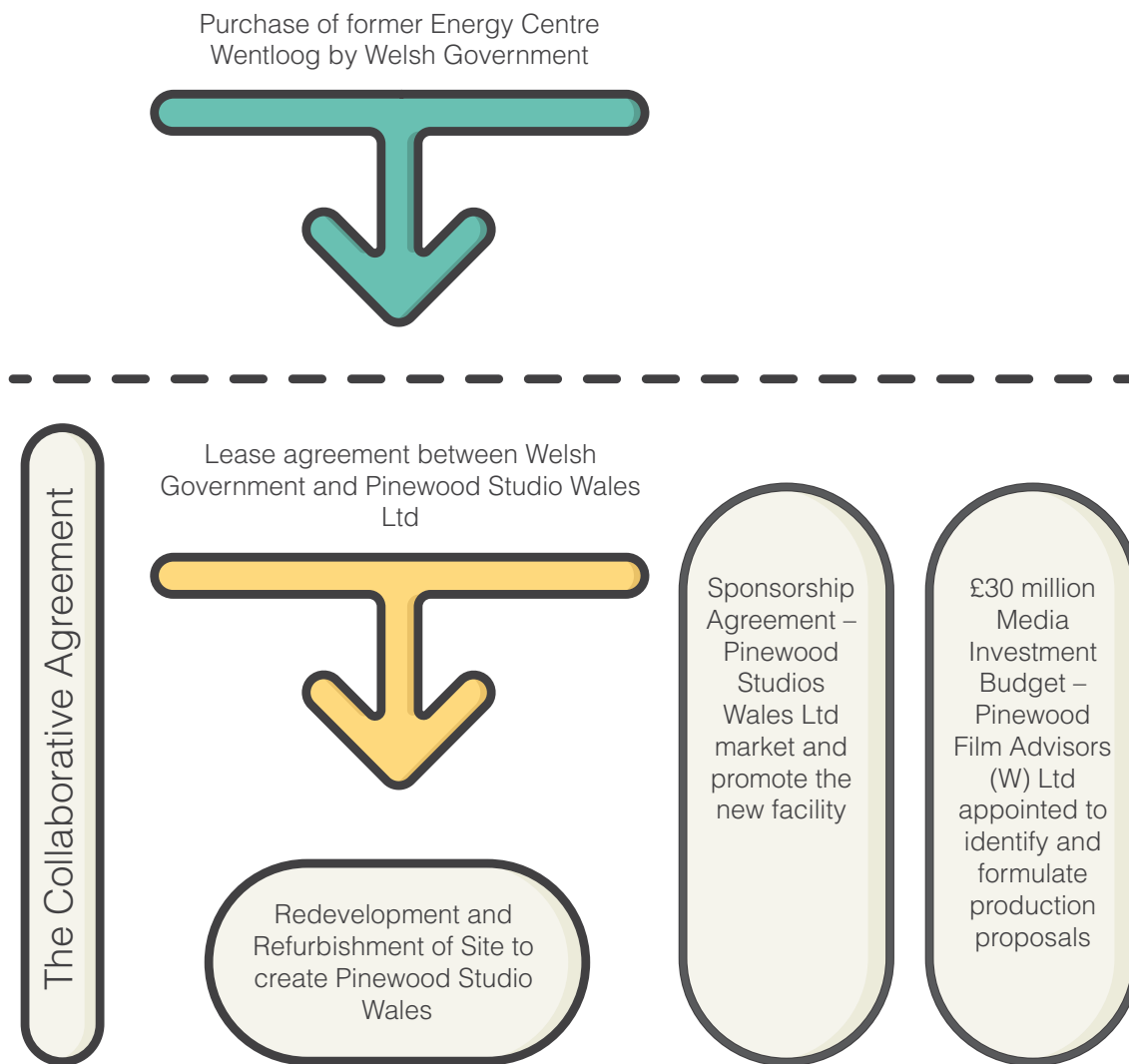
- 1.1 During 2013-14, Welsh Government officials held discussions with Pinewood executives about establishing a world-class studio facility in Wales. This would form part of Pinewood’s global network of film studios. To complement the studio, the Welsh Government also developed plans to create a £30 million investment budget to support film and TV productions in Wales. This would be operated by Pinewood Film Advisors (Wales) Ltd on behalf of the Welsh Government.
- 1.2 A keystone element of the proposal, distinct from the Collaboration Agreement itself, was the Welsh Government’s acquisition of the Energy Centre building at Wentloog. This was to be redeveloped by the Welsh Government and Pinewood as the studio facility. The studio would be run by Pinewood Studio (Wales) Ltd, another newly established subsidiary company of Pinewood.
- 1.3 The Welsh Government anticipated a rental income of £1.6 million from Pinewood Studio (Wales) Ltd for the studio facility over the first five years of the agreement.
- 1.4 Pinewood had already worked with the Isle of Man Government to introduce the Isle of Man Media Development Fund in 2012; this was a fund of £25 million to be used on film and TV productions. This fund built on a range of creative-sector initiatives introduced by the Isle of Man Government since 1995. Independent economic analysis of the Isle of Man’s support for TV and film productions, concluded that it had generated a direct local spend of £100 million and 2,140 full-time equivalent jobs since 1995.
- 1.5 Both the Scottish Government⁶ and the Northern Ireland Assembly⁷ were also expanding their dedicated studio facilities to cope with increasing demand from the film and TV industry.

⁶ Scottish Government website, [Creative Industries: Film and TV production in Scotland](#)

⁷ Northern Ireland invested in new sound stages in October 2012 to provide additional studio space at Titanic Studios, Belfast.

1.6 On 17 February 2014, the Welsh Government and Pinewood concluded their negotiations and Ministers entered into a 'Collaboration Agreement' with Pinewood Film Advisors (Wales) Ltd, as shown in **Exhibit 1**.

Exhibit 1: The key elements of the Collaboration Agreement



Source: compiled by the Wales Audit Office from information held by the Welsh Government.

- 1.7 According to projections, the Welsh Government could expect to see an estimated £90 million of film and television production expenditure in Wales over the next five years through this Collaboration Agreement. This spend would create or safeguard at least 1,950 full-time equivalent job years. These projections drew on an independent economic analysis undertaken in respect of the Isle of Man fund. Pinewood's internationally recognised brand name was seen as being central to the success of the proposal.
- 1.8 Welsh Government officials had undertaken financial due diligence on the financial forecasts provided for the activities to be undertaken by the two Pinewood subsidiaries; Pinewood Film Advisors (Wales) Ltd and Pinewood Studio (Wales) Ltd. The Welsh Government concluded that the financial risks of entering into the deal were low, based on the assumption that both businesses would be financially supported by Pinewood Shepperton Plc.
- 1.9 Officials also commissioned a media industry specialist to provide accountancy advice, and to conduct a desktop review of Pinewood's business plan. That review concluded that the potential weaknesses identified were individually, and in aggregate, insignificant compared to the upsides of increased UK studio capacity, the establishment of a regional film studio, job creation and economic benefit for Wales. However, the review did flag up the potential challenges of attracting film and TV productions to the Wentloog site, given there was already some four million square feet of potential studio space within the M25.
- 1.10 Officials in the Welsh Government's Creative Industries sector team also analysed the business case for the proposals, and concluded that it represented a sound investment. This conclusion was based on a detailed analysis of the business plan provided by Pinewood, and consideration of industry demand for a film and TV studio and access to an investment budget in Wales.

The Welsh Government purchased the former energy site in Wentloog to develop as a film and TV studio

- 1.11 As a prelude to the agreement and in order to be able to establish a film and TV studio, the Welsh Government needed to purchase a suitable site.
- 1.12 A search was undertaken by Welsh Government officials to identify suitable sites based on Pinewood's specific requirements. Pinewood shortlisted two sites and subsequently identified the former Energy Centre building at Wentloog as the better of the two shortlisted options. The building was being actively marketed by agents at a purchase guide price of £8.34 million (including VAT). It was known that there was market interest in the property on both a purchase and rental basis. Purchase of the site to include the freehold interest was considered by the Welsh Government to represent better value for money than a lease of the site⁸.
- 1.13 An independent valuation of the building established a market value of £6.54 million (including VAT). Officials therefore considered that the £6.3 million purchase price negotiated by the Welsh Government in the autumn of 2013 was a good deal. The owners indicated to the Welsh Government that they were prepared to conclude the sale if contracts could be exchanged within a month.
- 1.14 The condition of the building⁹ at the time was observed and reported by the independent valuers as follows:
 - 'the building appeared to be in a generally reasonable state of repair commensurate with its age and use. No urgent or significant defects or items of repair were noted which would be likely to give rise to substantial expenditure in the foreseeable future or which fall outside of the scope of the normal annual maintenance programme'.
- 1.15 In December 2013, the Minister for Education, Science and Transport approved proposals submitted by officials for the purchase of the premises by the Welsh Government for £6.3million¹⁰.

8 Welsh Government officials explained to us that leasehold interests are considered 'wasting assets', whose value would reduce over time.

9 For completeness, it can be noted that there is a large wind turbine also present within the Wentloog property which, at the time of acquisition by the Welsh Government, was subject to an existing lease to an energy supplier.

10 Together with associated professional fees of up to £30,000.

- 1.16 The submission to the Minister stated that under the Heads of Terms, the Welsh Government would invest £1.8 million (inclusive of VAT) on improving the building, matched by an £800,000 investment by Pinewood¹¹. The agreed physical works would be carried out by the Welsh Government, or alternatively by Pinewood under the supervision of the Welsh Government. Upon satisfactory completion of the works, the occupational lease would be granted to Pinewood.
- 1.17 Welsh Government officials advised the Minister that, although the Collaboration Agreement with Pinewood had not yet been signed, the purchase of the Energy Centre at Wentloog should nonetheless go ahead.
- 1.18 This presented a risk in that, if the Pinewood project did not progress, the Welsh Government neither had the skills nor the expertise internally to develop and manage an international studio facility. However, officials identified that these risks could be mitigated if needed via a range of actions. These included contracting out the management of the facility through an open-market procurement process.
- 1.19 The acquisition of the Wentloog site by the Welsh Government was completed on 7 February 2014. The precise extent of repairs and improvements needed for the building had not been agreed or finalised between the Welsh Government and Pinewood at the date of the purchase.
- 1.20 Shortly before Pinewood moved into the building, a number of water leaks became apparent, mainly in the vicinity of the rainwater gullies. The required roof repairs could have been restricted to these areas. However, in order to minimise operational and reputational risks Welsh Government officials opted to implement a more extensive scheme costing £979,000. This provided a coating for the entire roof and had the benefit of extending the life of the roof¹². In the view of Welsh Government officials, this would assist with the ongoing management of the property and would also add value should it seek to dispose of the property in the future.

¹¹ See paragraphs 3.10 and 3.11

¹² A 20-year manufacturer guarantee was provided.

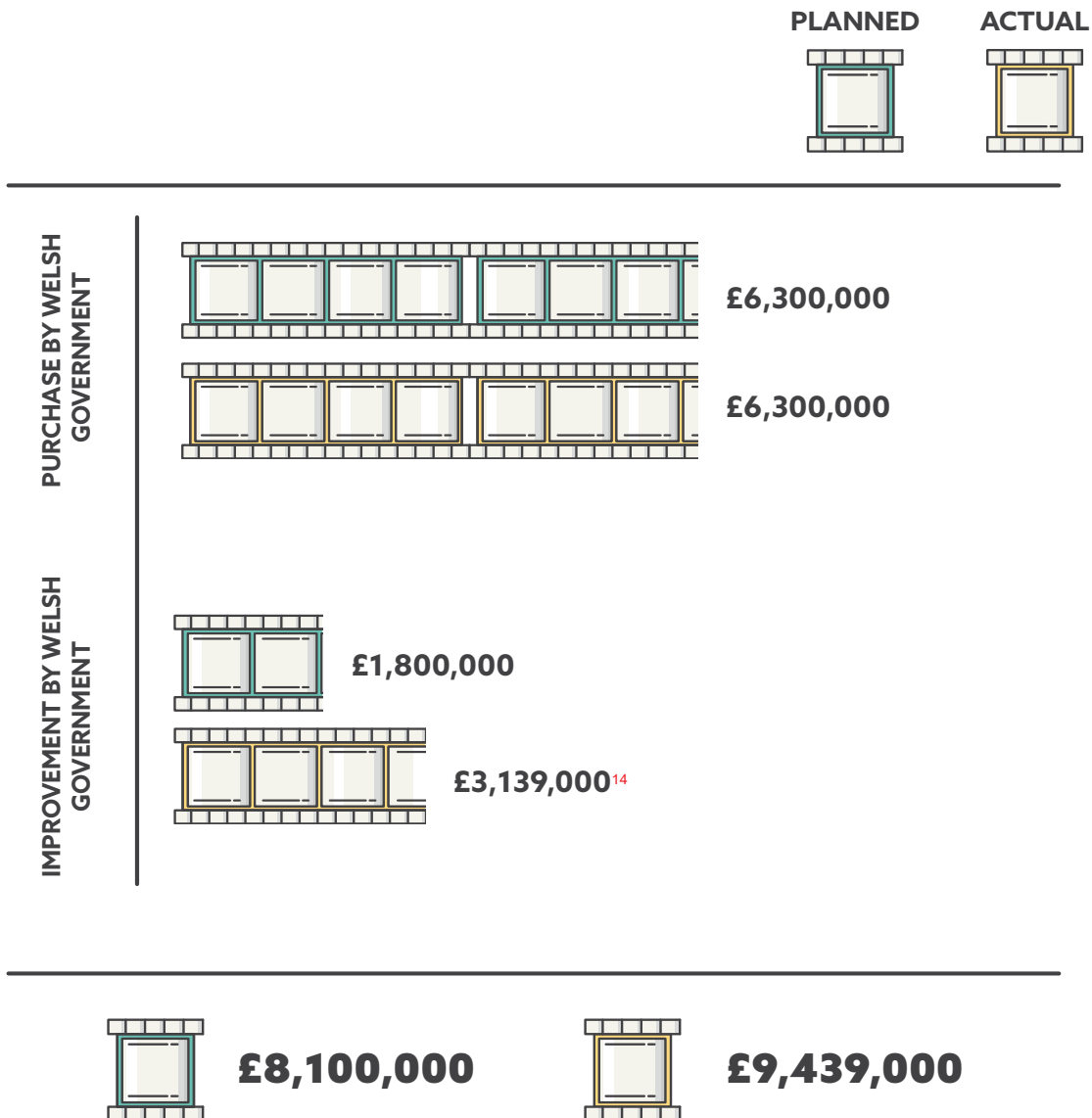
Exhibit 2: The Grade II Listed Building adjacent to Pinewood Studio Wales



Source: Wales Audit Office site visit April 2018

- 1.21 As part of the site purchase, the Welsh Government also acquired a derelict Grade II listed farmhouse located adjacent to the main building. In purchasing the farmhouse, the Welsh Government came under a statutory obligation to renovate the building at an estimated cost of £360,000 (including VAT). Welsh Government officials anticipated that, once renovated, the farmhouse could become a valuable asset that could be leased or sold, either with or separate to the main building.
- 1.22 During the lease negotiations, Welsh Government officials and Pinewood discussed whether the farmhouse should be renovated and included with the studio for ancillary-use purposes. It was eventually determined that Pinewood would only lease the industrial property. With no certain use for the farmhouse, the Welsh Government decided not to invest in the renovation works for the time being. Welsh Government officials told us that it may form part of a future project, or else be disposed of separately.

Exhibit 3: The costs incurred by the Welsh Government on the acquisition and renovation of the former Energy Centre at Wentloog¹³



Source: Welsh Government.

¹³ All figures include VAT where applicable. The Welsh Government elected to tax the building in order to recover VAT costs.

¹⁴ Composed of £1,800,000 planned improvements, £979,000 roof repairs and £360,000 office refurbishment.

The Welsh Government leased the Wentloog site to Pinewood Studio (Wales) Ltd, and agreed to contribute the majority of the funding required for its refurbishment

- 1.23 Welsh Government Ministers signed the Collaboration Agreement with Pinewood Shepperton Plc on 17 February 2014, a few days after completing the purchase of the Wentloog site. The agreement facilitated the leasing of the site to a newly-established subsidiary of Pinewood; Pinewood Studio (Wales) Ltd.
- 1.24 The lease between Welsh Government Ministers and Pinewood Studio (Wales) Ltd was not signed until 20 October 2016, although an Agreement for Lease was signed on 16 July 2014. Pinewood occupied the site and started production work from early 2015.
- 1.25 The terms agreed were for a 15-year, full repairing lease on standard letting and market terms from January 2015, with the first two years being rent-free. Under the terms of the lease, Pinewood Studio (Wales) Ltd had an option to break the lease during the fifth and eighth years of the term, upon the repayment of appropriate tenant incentives. The initial rent of £546,876 per annum was agreed to commence from 12 January 2017.
- 1.26 Over the first five-year term of the lease agreement (to January 2020), the Welsh Government expected to generate rental income of £1.6 million¹⁵ from Pinewood for the studio facility.

Pinewood Studio (Wales) Ltd was sponsored by the Welsh Government to market and promote the new film and TV studio at an annual cost of £525,600 (including VAT) over a five-year term

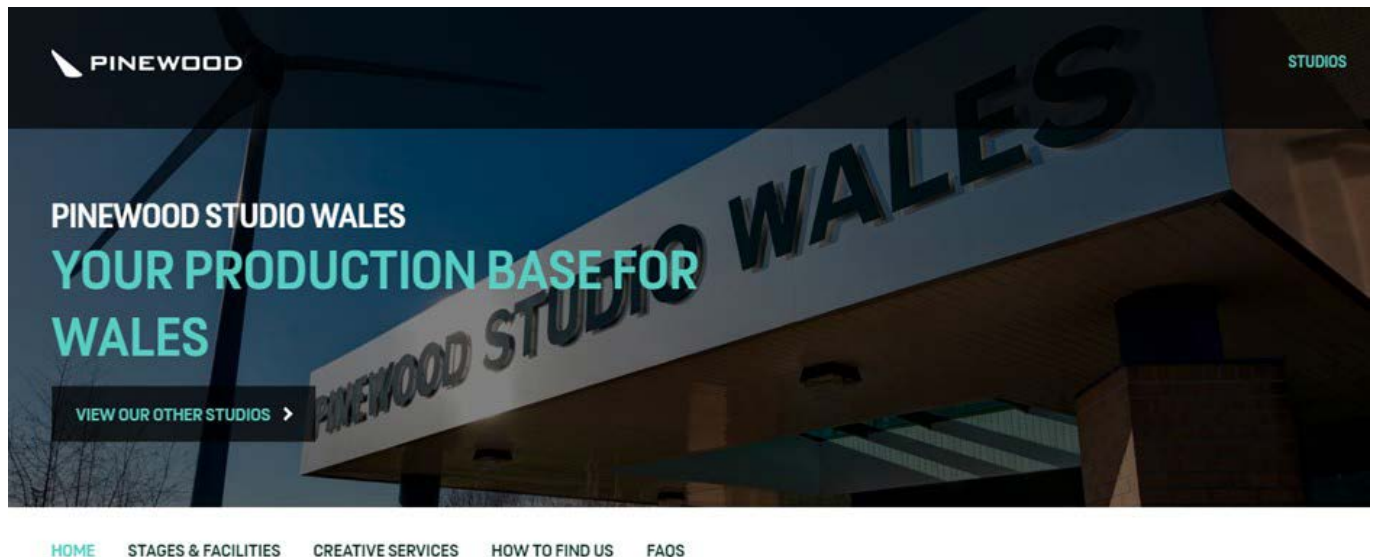
- 1.27 As part of the Collaboration Agreement signed on 17 February 2014, the Welsh Government also entered into a 'sponsorship agreement' with Pinewood Studio (Wales) Ltd at an annual cost of £438,000 for the five years from 1 March 2014 to 31 March 2019.
- 1.28 Shortly after the Collaboration Agreement was signed, Welsh Government officials recognised that VAT had been omitted from the original sponsorship agreement. The Minister's approval was therefore obtained to increase the annual sponsorship by £87,600 to £525,600. The total payable to Pinewood over the five-year sponsorship agreement would therefore be £2.63 million.

¹⁵ Being three years' rental income, following the initial two-year rent-free period.

- 1.29 The sponsorship agreement specified that the studio would be named 'Pinewood Studio Wales' and would be promoted and marketed internationally as a film and television studio, alongside other international Pinewood Group facilities¹⁶. This was expected to build on Wales' reputation as a great location in which to film and linking in to the services of the Wales Screen Commission.
- 1.30 The studio at Wentloog would be the first Pinewood-branded studio in the UK outside of south-east England. **Exhibit 4** shows how the studio is currently promoted through a dedicated website established by Pinewood.

¹⁶ Across Pinewood sales teams in London, New York and Los Angeles and at film festivals.

Exhibit 4: Home page for Pinewood Studio Wales



Source: Pinewood Studio Wales website, as at May 2018.

- 1.31 Under this agreement, Pinewood agreed not to offer branded studio facilities (other than any with its current partners or affiliates) in Scotland, Northern Ireland, Merseyside or Avon and Somerset, without the approval of the Welsh Government. The Welsh Government also agreed to sign up to a five-year exclusivity agreement not to build another studio in Wales without Pinewood's approval. This agreement placed certain restrictions on what Ministers would be able to do in the future with regard to other studios.
- 1.32 Welsh Government officials were aware that it was crucial they could justify the annual fee, given it was significantly more than the value of other sponsorship arrangements they had entered into. They were also aware that the fee should not constitute unlawful State Aid to Pinewood. Welsh Government officials satisfied themselves that the fee represented good value for money and was on market terms. They concluded that these arrangements would provide mitigation against the risk of any legal challenge.

The Welsh Government established a £30 million budget to invest in film and TV production, and appointed Pinewood Film Advisors (Wales) Ltd to identify projects suitable for investment

- 1.33 As part of the Collaboration Agreement, the Welsh Government committed to create a £30 million film and TV investment budget. This Media Investment Budget would be managed by Pinewood Film Advisors (Wales) Ltd on behalf of the Welsh Government. It would operate on a pilot basis, initially for five years, and be subject to an interim review after 18 months.
- 1.34 The Media Investment Budget would be used to finance the development, production and distribution of filmed entertainment projects or any other media projects submitted to the Welsh Government by Pinewood Film Advisors (Wales) Ltd. The Welsh Government expected to benefit from its collaboration with Pinewood because of its sector expertise, knowledge and networks, and experience of collaborating in a similar arrangement in the Isle of Man.
- 1.35 The Welsh Government intended to recoup its investments through repayments of loans and returns on equity, and for those income streams to be reinvested in further production projects. This had the potential to create a self-renewing or ‘evergreen’ fund. Officials anticipated that the Media Investment Budget would invest between £12 million and £15 million per year¹⁷.
- 1.36 Pinewood Film Advisors (Wales) Ltd did not receive funding from the Welsh Government for undertaking this management role. However, under the Collaboration Agreement it would be able to generate revenues from the businesses making productions funded from the Media Investment Budget, to include:
- Pinewood could negotiate production/arrangement fees with the production company, which should be included in the production budget and paid by the production company.
 - Pinewood could receive distribution fees and/or costs when the acquisition of UK distribution rights was included in the approval. These fees and costs would be receivable by Pinewood from the collected receipts from the distribution rights, with no recourse to the Welsh Government for payment.
 - Pinewood could also, at its discretion, invest its own funds into these productions.

¹⁷ Investments would be made between 1 April 2014 and 31 March 2019. All supported production and post-production activity would need to be completed by 31 March 2020.

- 1.37 The Media Investment Budget and Pinewood Studio Wales were officially launched at an event in Cardiff on 17 February 2014.
- 1.38 **Exhibit 5**, taken from Pinewood Studio Wales' website as at July 2017, summarises Pinewood's promotion of the Welsh Government's Media Investment Budget.

Exhibit 5: Pinewood's promotion of the Welsh Government's Media Investment Budget

Key considerations of the Welsh Government's Media Investment Budget:

- Production must be able to shoot 50% of principal photography in Wales;
- Pinewood Pictures and Wales Screen can provide information on shooting in Wales. For an overview, please go to www.wallesscreen.com;
- In addition, Pinewood's own studio facility in Cardiff is available for film and TV productions:
 - Including 2 sound-treated stages at 20,000 sq ft each and an additional 30,000 sq ft of shooting floor;
 - 70,000 sq ft of mixed use production space, including production accommodation and modern, flexible offices and amenities;
 - Close proximity to central Cardiff and a variety of **stunning locations**;
 - For more information please go to www.pinewoodstudiowales.com.

Previous projects include TAKE DOWN, DON'T KNOCK TWICE, and THEIR FINEST HOUR AND A HALF.

Source: Pinewood Studio Wales website as at July 2017.

- 1.39 There are seven types of investment that the Welsh Government is able to make into productions via the Media Investment Budget. Projects can use just one type of funding, or a combination of them. On occasion, the Welsh Government can opt to provide grant funding alongside the commercial investment funding. However, each type of investment attracts different timescales and risks, as shown in **Exhibit 6**. **Appendix 4** contains more details about each type of investment.

Exhibit 6: The seven types of investment that can be made via the Media Investment Budget

TYPE OF INVESTMENT	DESCRIPTION	TIMESCALE
Tax Credit	Cash advances against the tax credits the production is eligible for	Usually within 12 months of production being completed
Pre Sales	Cash advances against sales already made to distributors	Within six months of the final cut being approved
Gap	Commitment against unsold sales territories based on sales estimates	When sales begin, following sales screenings after the final cut is approved
Mezzanine	Funding based on the film receiving higher sales than estimated	Close to or following the production's release
Equity	Final investments repaid, requiring the production to sell well to distributors	After all other funding has been fully repaid
Repayable Business Finance	Discretionary financial support on a repayable or non-repayable basis	Pinewood advised on when funding can be recouped if repayable
Development Funding	Funding for the development stage of a project, repaid if the project enters production	Repaid on the first day of principal photography

 **LOW RISK**
  **MEDIUM RISK**
  **HIGH RISK**

Source: compiled by the Wales Audit Office from information held by the Welsh Government.

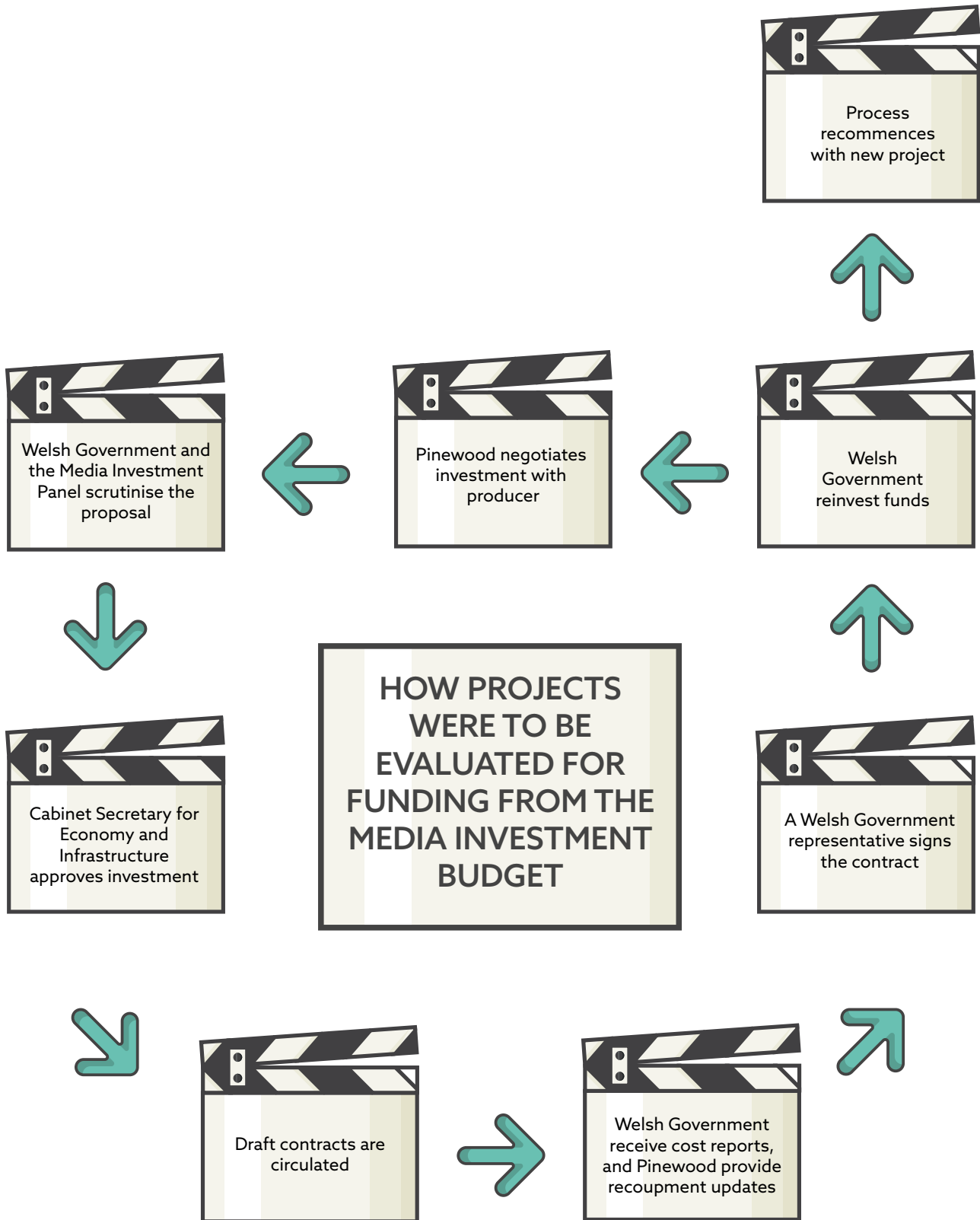
Part 2 – Operation of the Collaboration Agreement until October 2017

The Welsh Government established an independent Media Investment Panel to decide which projects put forward by Pinewood should be supported by the investment budget

- 2.1 The Welsh Government anticipated that its Media Investment Budget would normally only invest in projects costing over £1 million to produce. The Minister for Economy, Science and Transport approved the establishment of a private-sector-led Media Investment Panel which would provide the required expertise to scrutinise and approve these projects. The Media Investment Panel would be set up as a task and finish group for an initial period of 18 months, and would be chaired by an industry expert¹⁸.
- 2.2 The Media Investment Panel was established in April 2014 as a publicly appointed panel of sector experts.
- 2.3 Welsh Government officials would also undertake independent due diligence reviews of all proposed projects, and would be responsible for undertaking compliance reviews to ensure funding terms and conditions were being met. In particular:
 - at least 50% of production must be shot in Wales;
 - 35 to 40% of 'below the line' production budget must be spent on Welsh production expenditure; and
 - the Welsh Government would share in the commercial upside from film and TV productions.
- 2.4 **Exhibit 7** summarises how projects were to be evaluated for funding from the Media Investment Budget.

¹⁸ With appropriate arrangements being put in place to manage any actual or perceived conflicts of interest.

Exhibit 7: how projects were to be evaluated for funding from the Media Investment Budget



Source: compiled by the Wales Audit Office based on information held by the Welsh Government.

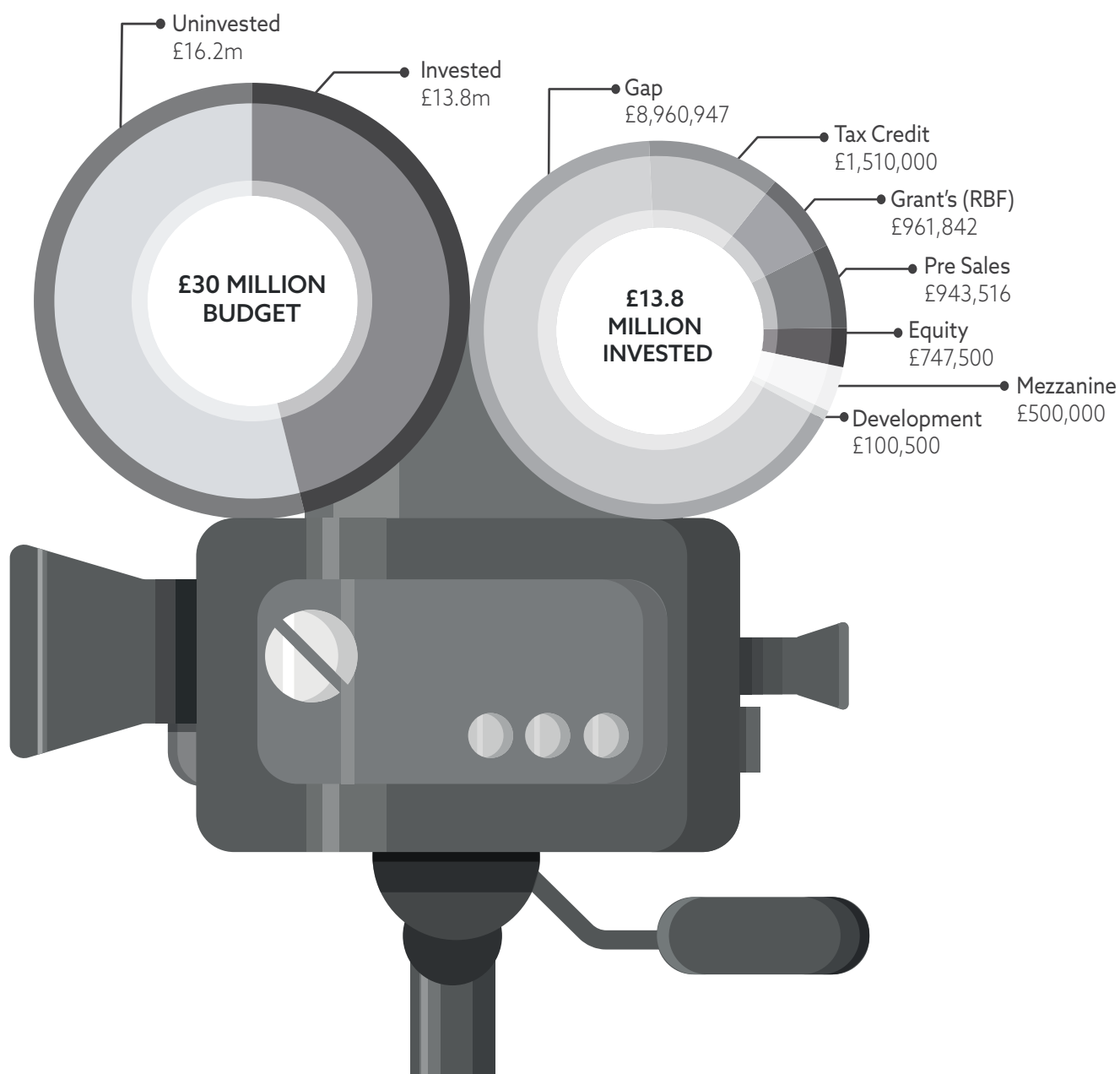
The Media Investment Budget's performance did not meet the panel's expectations

- 2.5 By summer 2016, members of the Media Investment Panel and Creative Industries Sector Panel had become dissatisfied with the performance of the Media Investment Budget. The Chair of the Creative Industries Sector Panel accordingly advised Welsh Government officials that the budget should be opened up and made non-exclusive to Pinewood.
- 2.6 Welsh Government officials wrote to the Cabinet Secretary for Economy and Infrastructure in August 2016, setting out the following concerns that they had about the budget's performance:
- a greater number of higher-risk investments being put forward by Pinewood, because productions could obtain lower-risk funding from other sources without the requirement to be filmed in Wales;
 - Pinewood's operating model meant it was reluctant to invest its own money in these higher-risk projects alongside the Welsh Government; and
 - Pinewood might be conflicted in its involvement with the budget as it also had an interest (not prohibited under the Collaboration Agreement) in providing its own London-based services to the industry. Welsh Government officials felt that a perception had arisen amongst other companies that Pinewood had an unfair competitive advantage in securing post-production work in Wales. They therefore considered that this had the potential to reduce the economic benefits to Wales.
- 2.7 On 2 November 2016, Welsh Government officials wrote to Pinewood to set out issues with the Media Investment Budget and the Collaboration Agreement. Two issues were of particular concern to them:
- **Compliance** – there was a perceived lack of transparency regarding the extent of wider Pinewood Group involvement in productions. This perceived lack of transparency had exacerbated concerns about the financial advantage Pinewood may have had over other companies through its exclusive access to the Media Investment Budget¹⁹.
 - **Contract Performance** – the original business plan had estimated an overall Welsh spend figure of £90 million, which represented a leverage ratio of 1:3 in terms of public to private funding. According to Welsh Government officials, at this time the actual ratio was 1:1, significantly reducing the potential for the Media Investment Budget to become self-funding.

¹⁹ The risk that this perception might be created was either not identified or considered immaterial by Welsh Government officials at the time of the February 2014 submission to the Minister that had recommended approval of the Collaboration Agreement, as the submission paper is silent on this point.

- 2.8 We questioned Pinewood executives about these concerns. Pinewood told us that they did not recognise the rationale for the Welsh Government's expressed concern about Pinewood's perceived reluctance to invest in projects alongside the Welsh Government, and stated that they had done so for nine projects. Pinewood noted that it was yet to recoup any of its investment in two of these projects. By investing in projects such as 'Show Dogs', Pinewood had enabled these projects to close financing while shooting in Wales. In the case of 'The Collection', Pinewood considers that the offer of funding from the Welsh Government alone would not have been sufficient to relocate the shoot away from Yorkshire. In Pinewood's view, their own investment in that project had tipped the funding balance to move the production to Wales.
- 2.9 Pinewood executives also assured us that they had addressed the Welsh Government's expressed concern about compliance by confirming to them that productions were entirely free to choose either to accept Pinewood's post-investment proposal to provide production services or else to make their own separate arrangements to use another company instead. As examples of this, Pinewood cited to us the producers of 'Journey's End', who had decided to use a post-production house independent of Pinewood and not based in Wales. Similarly, the producers of 'The Collection' had opted to use another non-Pinewood studio for their stage and backstage filming.
- 2.10 As regards the Welsh Government's concern about contract performance, Pinewood executives told us that their records reflect an approximate 1:6 funding to spend ratio on projected recoupment.
- 2.11 We have established that Pinewood Film Advisors (Wales) Ltd has generated a total of £1,180,421 in production/arrangement fees from productions funded by the Media Investment Budget. As noted above, any additional income generated by the company from the provision of post-production services has been derived from open competition, rather than the provision of taxpayer-funded support. We have therefore not included that revenue stream within the scope of our audit examination. We note that the published accounts of Pinewood Film Advisors (Wales) Ltd disclose a retained loss of £320,000 on the company's activities at the year ending 31 March 2017.
- 2.12 The latest available figures provided to us by the Welsh Government show that £13.8 million of the £30 million budget has been invested across 14 projects. **Exhibit 8** analyses the £13.8 million over the seven types of investment vehicle available to the Media Investment Budget.

Exhibit 8: investments made from the Media Investment Budget²⁰



Source: information held by the Welsh Government.

²⁰ This diagram includes all projects funded by the Media Investment Budget (to May 2018), including those sourced by Pinewood and those subsequently sourced under the Welsh Government's management. See Appendix 5 for further details.

2.13 Welsh Government figures show that a total of £4.3 million has been recouped so far, from five of the 14 projects supported:

- one project has recouped more than its original investment;
- four projects have recouped some of the original investment; and
- nine projects have not yet recouped any of the original investment.

These projects are in various stages of development. Some projects have not yet benefitted from international cinematic release or TV broadcast and funds will continue to be recouped through auxiliary sales.

2.14 [Appendix 5](#) shows further details of the productions supported and their recoupment.

Pinewood Studios Wales Ltd was unable to operate the studio as a going concern without the support of Pinewood Group Limited

2.15 Between November 2016 and October 2017, negotiations took place between Pinewood and the Welsh Government, focussing on:

- changes to the role of Pinewood in the Media Investment Budget; and
- Pinewood's management of Pinewood Studio Wales, which was not fully occupied and had become loss-making for Pinewood²¹.

From 25 June 2017, Welsh Government agreed that Pinewood's obligation to pay rent for the Wentloog facilities would be suspended, pending finalisation of the negotiations²².

2.16 During this period, there was a change in ownership and leadership at Pinewood²³. In discussions between Welsh Government officials and the new Pinewood executives, it became apparent that there was a shared desire to agree a new operating model for the studio.

²¹ Although by September of 2016 Pinewood had successfully staged six productions and licensed business space at the studio for 20 companies, the level of occupation by film-production companies had not reached the level originally expected.

²² As noted in paragraph 3.8, all unpaid rents were subsequently settled in full as part of the renegotiation of the agreement.

²³ Pinewood Shepperton Plc was sold to Venus Grafton Sarl in October 2016.

- 2.17 In 2017, Pinewood management decided to end activities relating to fund management, investment advisory services to third party funds and investment of its own funds in film and television productions. This decision was taken as these activities did not represent Pinewood's core offerings, nor did they represent a significant proportion of its turnover.
- 2.18 As the Collaboration Agreement was contractually linked to the lease of the studio, the termination of the Collaboration Agreement allowed Pinewood to terminate the lease early.
- 2.19 We met with the Chairman and Acting Chief Executive of Pinewood, together with the company's Corporate Affairs Director on 16 April 2018. They told us that the opening in May 2017 of a new film and TV production studio by Bad Wolf in Trident Park, Cardiff, had in their view a detrimental impact on the occupancy of Pinewood Studio Wales, and that the number of enquiries they received had consequently fallen.
- 2.20 Bad Wolf Studios Ltd has benefited from a £9 million funding package from the Welsh Government. The funding is structured based on an initial repayable loan of £4.5 million, which can be converted into a grant as soon as performance milestones are achieved within a 10-year period. These milestones relate to both the profitability of the company and the amount of production spend that is generated within the Welsh economy as a result. The remaining balance of £4.5 million is payable as a grant, subject to achievement of additional production spend targets. In addition, the Welsh Government leases to Bad Wolf Studios Ltd, on commercial terms, the Wolf Studios Wales facility in Cardiff Bay.
- 2.21 Unlike Pinewood Studio Wales, which has a maximum eave height of 25 feet²⁴, Wolf Studios Wales is the only facility in Wales able to offer a stage space with an eave height of 57 feet. This eave height was referred to in a Welsh Government press release on 15 May 2017 which promoted Wolf Studios Wales as 'an attractive proposition for high end television productions and big budget feature films from around the world'.

²⁴ The maximum eave height of 25 feet is recognised by both Welsh Government and Pinewood to be a factor that can limit the suitability of the studio to certain types of productions.

- 2.22 Welsh Government officials told us that demand for studio facilities will fluctuate as productions come and go but that, in their view, demand for the Wentloog site was affected by a change of focus after the change in ownership at Pinewood. They do not believe there has been a drop in enquiries for Pinewood since Wolf Studios Wales opened its doors. In contrast, Pinewood executives told us that Pinewood's focus remains the selling of space at studio facilities, and that it is Pinewood's expertise in this field that the Welsh Government has sought to retain under the new Management Services Agreement (covered in [Part 3](#) of this report). Pinewood also told us that demand for other Pinewood studios in the UK remains strong.
- 2.23 According to Welsh Government officials Wales Screen has conducted ten studio visits with major productions in the last 12 months. Pinewood was not included on only two of these occasions and both were a result of producer choice. To date, Wolf Studios Wales has only been home to Bad Wolf productions, many of which required the higher maximum eave height, whereas Pinewood has had productions from the BBC, Channel 4 and independent film companies.
- 2.24 Welsh Government officials emphasised to us that Wales Screen continues to equally promote Pinewood Studios Wales, Wolf Studios Wales and other studios in Wales. In the Welsh Government's view, a high level of demand for the Pinewood studio facilities is likely to continue into the autumn. However, Pinewood executives told us that they believe that the opening of a competing studio has impacted on demand for space at the Wentloog site and that equal promotion by Wales Screen does not address this.

Part 3 – The revised management arrangements from November 2017

In October 2017, the Welsh Government terminated its Lease and Collaboration Agreements with Pinewood, and Pinewood ceased to manage the Media Investment Budget

- 3.1 In the light of the position described in Part 2 of this report, Welsh Government officials provided formal advice to the Cabinet Secretary for Economy and Transport on 29 September 2017 and requested his approval to:
- terminate the Collaboration Agreement with Pinewood;
 - terminate the existing occupational lease agreement of the studio to Pinewood on 31 October 2017; and
 - put the Media Investment Budget on hold.
- 3.2 On the advice of the Creative Industries Sector Panel and Media Investment Panel, the Media Investment Budget subsequently came under the management of Welsh Government officials.
- 3.3 In the meantime, negotiations continued with Pinewood to introduce a new studio management agreement by the lease termination date of 31 October 2017.

In November 2017, the Welsh Government entered into a new three-year ‘management services agreement’ with Pinewood Studios Wales Ltd

- 3.4 Welsh Government officials took advice from independent experts on the drafting of a new operating model for Pinewood Studio Wales. Pinewood had committed to acting in good faith to negotiate a new deal that could be signed by the termination date of the Collaboration Agreement and lease.
- 3.5 A new ‘Management Services Agreement’ was put to the Cabinet Secretary for Economy and Infrastructure by his officials on 30 October 2017. It contains two complementary parts:
- the sales and marketing of the studio; and
 - its operation and management.

- 3.6 Under the terms of the new agreement, Pinewood would continue to operate the studio on behalf of the Welsh Government. The Welsh Government could terminate the agreement on six months' notice at any time after the first anniversary of the agreement, which commenced on 1 November 2017. Pinewood would also continue to promote Wales as a centre of excellence for TV drama and film.
- 3.7 Under the agreement, the costs of running the facility, together with payment of a Pinewood management fee, would now be met in full by the Welsh Government. In return, all revenues received by Pinewood for promoting and licensing the studio would be retained by the Welsh Government. These would off-set the operational costs of the building. Any profits generated from the operation of the studio would rest with the Welsh Government.
- 3.8 All outstanding financial commitments such as unpaid rents would be settled in full as part of the termination arrangements.
- 3.9 The key elements associated with terminating the Collaboration Agreement and moving forward with a new Management Services Agreement as reflected in Ministerial Advice are summarised in [Exhibit 9](#).

Exhibit 9: key elements associated with terminating the Collaboration Agreement and moving forward with a new Management Services Agreement

The Welsh Government would:	Pinewood would:
Incur the annual costs of managing the property (including facilities management, rates and insurance)	Receive an annual management fee from the Welsh Government.
Acquire the value of all tenant's improvements to the Wentloog facilities.	Receive reimbursement by the Welsh Government of its production services costs (subject to an annual cap).
Retain all future revenues generated by the studio.	Receive a compensation payment from the Welsh Government for rental payments made during the renegotiation period.
Contract directly with licensed occupiers of the offices and production companies which hire the studio space.	

Source: information held by the Welsh Government.

3.10 The Ministerial Advice prepared by Welsh Government officials dealing with the termination of the existing contracts (Collaboration Agreement and Lease) stated that Pinewood had carried out works and investments in equipment at around £800,000. It went on to say that the termination agreement would contain a narrative that the benefit of any modifications to the building made by Pinewood (tenant's improvements) would remain in place and become the property of Welsh Government. However, Welsh Government officials have told us they do not have a schedule of the tenant's improvements that have been completed to date and that have now been acquired by the Welsh Government.

- 3.11 Pinewood executives told us that there were discussions prior to the original contracts around the contribution they would make to the studio. They stated that the Heads of Terms (which were subject to contract) provided that the Welsh Government would do the fit out works and that Pinewood would make a contribution of £800,000²⁵ or Pinewood would complete the fit out works and Welsh Government would contribute £1.8 million (including VAT) towards the cost. They went on to say that the Agreement to Lease makes no reference to the £800,000 but does specify the works the tenant is required to undertake and requires the Welsh Government to contribute £1.8 million.
- 3.12 The Cabinet Secretary for Economy and Infrastructure approved the termination of the existing contracts and the new management services agreement came into effect on 1 November 2017, for a period of three years.
- 3.13 Under the terms of the Management Services Agreement, there is a net annual cost to the Welsh Government, as shown in [Exhibit 10](#). One of the cost components, the annual management fee payable to Pinewood, has been redacted from this report at the request of Pinewood²⁶. The net annual cost is therefore shown as £392,000, plus the annual management fee.

²⁵ Over the 15 year term of the lease.

²⁶ The Auditor General has accepted Pinewood's contention that placing this information in the public domain would be likely to cause substantial harm to the commercial interests of Pinewood by giving its customers, competitors and suppliers an unfair advantage in future price negotiations.

Exhibit 10: The annual net cost to the Welsh Government of operating the management services agreement²⁷

	£
Annual studio running costs	890,000
Reimbursement of Pinewood production costs	216,000
Less: Projected studio revenues	(714,000)
Net annual operating cost before management fee	392,000
Plus: Management fee payable to Pinewood	[redacted]
Net annual operating cost	[redacted]

3.14 The annual studio revenue forecast of £714,000 was supplied to Welsh Government officials by Pinewood, and was then included in the submission to the Cabinet Secretary. The net operating cost totals in [Exhibit 10](#) assume that this figure is realistic. Welsh Government officials told us that the reliability of the forecasts were tested and scrutinised by officials and also by independent property advisors. However when the figure was provided, Pinewood added the caveat that revenues could be lower due to increased competition from Wolf Studios.

3.15 Welsh Government officials recognise that these financial projections do not represent good value for money. However, in their view it was better to enter into a three-year agreement with Pinewood with the prospect of generating some commercial revenues, when set against the costs of simply leaving the site empty whilst they searched for a new tenant.

²⁷ The figures in this exhibit are inclusive of VAT, where applicable. The recoverability of some VAT elements may slightly improve the overall out-turn, but this is unlikely to be material.

3.16 In a briefing to the Cabinet Secretary for Economy and Infrastructure on 29 October 2017, Welsh Government officials stated that if a new agreement with Pinewood was not entered into, then the Welsh Government would incur annual property holding costs of around £890,000 (including VAT), and could expect only around £124,000 of annual income from the letting of office space. If these estimates were accurate, then the likely net annual cost to the Welsh Government under that alternative scenario would have been £766,000.

Appendix 1 – Our audit approach and methods

Scope

The scope of this report is confined to our examination of the agreements entered into by the Welsh Government and Pinewood subsidiaries between 2014 and 2017. Specifically we have looked at:

- the acquisition of the former Energy Centre at Wentloog, Cardiff in February 2014;
- the Collaboration Agreement between the Welsh Government and Pinewood Film Advisors Wales Ltd dated 17 February 2014; and
- the Management Services Agreement between the Welsh Government and Pinewood Studio Wales Ltd on 1 November 2017.

We have also examined the governance arrangements in place for the Welsh Government's Media Investment Budget. However, we have not considered the value for money of the Media Investment Budget as a whole, reviewed any individual projects benefitting from the budget or examined the Welsh Government's arrangements for monitoring compliance with the terms and conditions of funding.

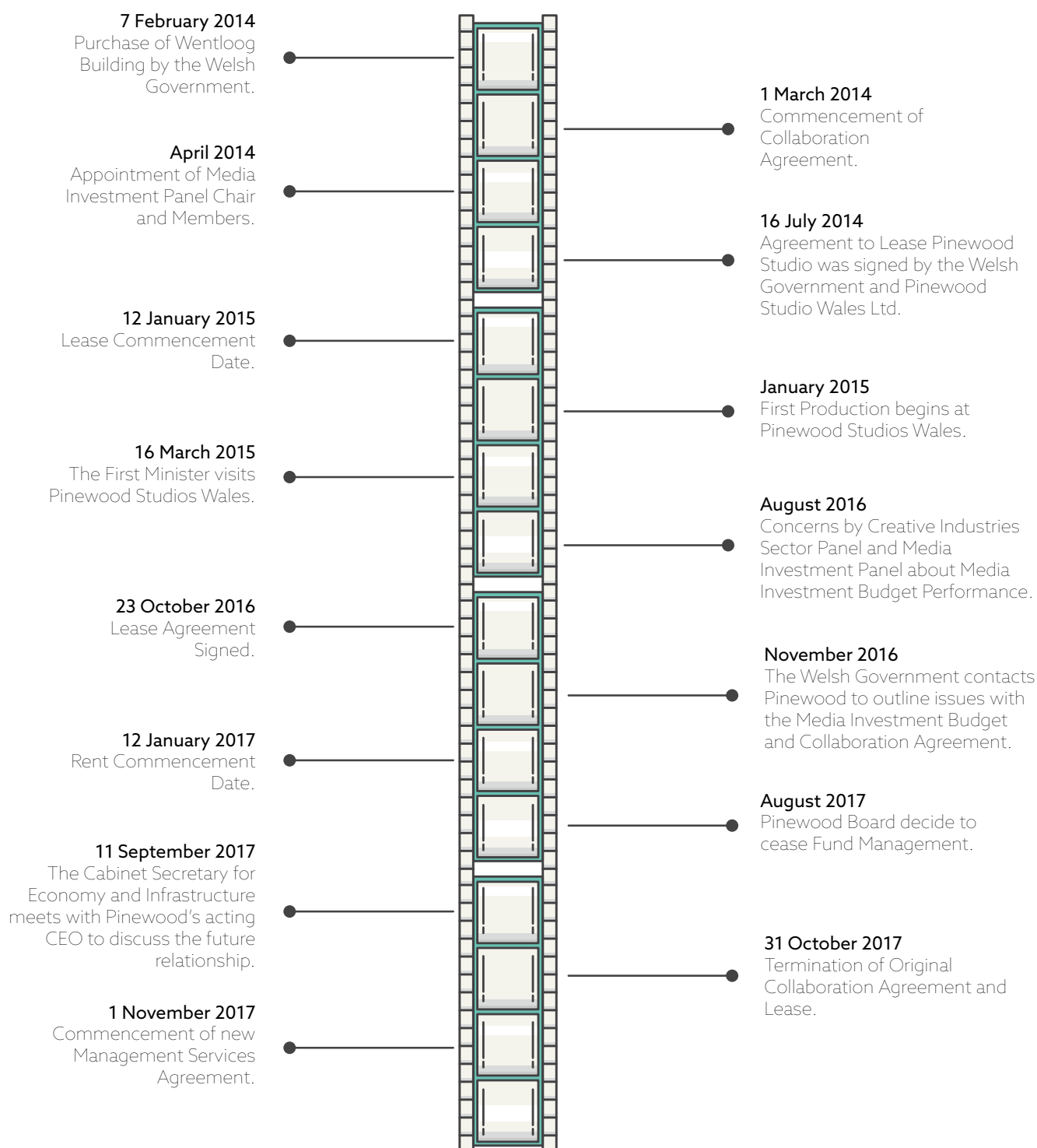
Our report is made on a 'facts only' basis, and we have not therefore drawn conclusions or made recommendations arising from our audit work.

Methods

In undertaking the review we:

- reviewed documentary evidence provided from the Welsh Government and made further enquiries of Welsh Government officials based on our review of the key documents;
- undertook a site visit to Pinewood Studio Wales and met with executives from Pinewood Group Limited; and
- prior to publication, we agreed the factual accuracy of our report with the Welsh Government and the named third parties.

Appendix 2 – Timeline of events



Appendix 3 – The Welsh Government’s overall approach to promoting Wales as a venue to produce high-impact film and TV productions

The Welsh Government uses several methods and organisations in order to encourage producers to choose Wales as a venue.

Financial and Strategic Support

The Welsh Government has given support to both Pinewood Studios and Wolf Studios for the establishment of studio space within Wales.

Creative industries in Wales are also able to access Welsh Government Repayable Business Finance (including the Wales Screen Fund) and the Wales Economic Growth Fund.

Media Investment Budget

£30 million of commercial funding for TV and film productions.

£13.8 million of funding has been awarded to date.

Wales Screen

A team based within the Welsh Government’s Creative Industries sector.

Wales Screen provides a free service to support film and TV productions through location scouting, logistical arrangements and assistance sourcing crew and facility companies.

Sky Vision Fund

The Welsh Government has invested £200,000 in conjunction with Sky Vision to fund new factual and entertainment programmes.

Development, pilot and top-up funding is available, the Welsh Government portion of which is non-repayable.

Funding is available for independent production companies based in Wales and UK-based companies producing shows in Wales.

Promotion of Wales by Pinewood

Originally, Pinewood were sponsored to promote Pinewood Studios Wales and Wales in general as a location for filming and post-production.

Under the revised agreement, Pinewood is paid to promote Pinewood Studios Wales.

The agreement details that promotion should be through film festivals, television markets and sales teams.

Appendix 4 – The seven types of investment that the Welsh Government can make in TV and film productions

Tax credit

Films with a budget under £20 million can claim 25% of UK expenditure as a tax credit. Films with a budget over £20 million can receive 25% of the first £20 million and 20% of any additional expenditure. Tax credit investments involve advancing funds to the production for the tax credit which will be received. These investments are therefore seen as the safest type of investment that can be made as the prospect of recoverability is high. The money is usually guaranteed to be returned in full within 12 months of production being completed.

Pre sales

Pre sales are made to distributors in advance of the film being made. Pre-sales investments are similar to tax-credit investments as they involve advancing cash against confirmed figures for sales already made. This means that the investments are almost always recouped in full within six months of the final cut being approved. There is therefore a high prospect of recoverability from the investments.

Gap funding

Gap funding is committed against unsold territories and based on sales estimates provided by the sales agent. Pinewood would assess the sales agent's estimates and produce a 'cover' figure, which would be based on a low number of sales with associated fees subtracted. This results in a safe figure which should be at least partially recouped unless the production was a flop and there was little or no take up of the film. The prospect of recoverability is therefore medium. Recoupment would occur when sales are made after the final cut is approved.

Mezzanine

Mezzanine funding is based on productions achieving higher sales than the low estimates used for gap finance. Higher sales could be due to the production having a well-known cast or a sales agent who has a reputation for delivering strong sales. As the investment is based on exceeding the safe figure, the prospect of recoverability is low and would involve a higher premium. Recoupment would begin after all of the above financing has been recouped, normally close to or following the production's release.

Equity

Equity funding is the highest-risk financing available under the Media Investment Budget, as equity investments are usually the last production finance recouped. The production needs to sell well and fully recoup its other investments for equity investors to receive a return. The prospect of recoverability is low, and will involve high premiums.

Business Finance

Repayable Business Finance is discretionary financial support to eligible businesses to fund capital investment and job-creation projects. Support is available to eligible film and TV productions at a negotiated level. The support must be below state-aid ceilings and must be the minimum required for the project to proceed. Funding for mobile projects, where the project could be undertaken in another country, is non-repayable and funding for non-mobile projects is 100% repayable. Although the level of risk for productions will be individually assessed, overall the prospect of recoverability is low.

Development funding

Development funding finances the development of productions, prior to commission. As part of the development deal, the Welsh Government are assigned 50% of development materials and copyright which would be re-assigned to the production on repayment of the funding. They are also given the option to provide full production funding, if they wish. The Welsh Government also receive a 50% premium on their investment, which is repaid on the first day of principal photography. The prospect of recoverability is low, due to the number of productions which never progress from development to commission.

Appendix 5 – Productions supported by the Media Investment Budget, 2014-2018

These tables include the individual loans investments, the funding recouped (banked) to 31 May 2018 and the balance of each project that has been supported by the Media Investment Budget.

These figures were provided by the Welsh Government in June 2018, and it should be noted that the projects are in various stages of development. Some projects have not yet benefitted from international cinematic release or TV broadcast, and funds will continue to be recouped through auxiliary sales.

Pinewood have also provided us with their own analysis, although there are some small timing differences in the recoupment values, the largest being in respect of The Collection, which they show as having recouped £192,631.

The Media Investment Budget was managed by Pinewood until September 2017, and has subsequently been managed by the Welsh Government.

Exhibit 11: projects funded by the Media Investment Budget under the management of Pinewood (February 2014 to September 2017)

Project	Investment Value (£)	Amount Recouped to May 2018 (£)	Net Gain/(Loss) to Date (£)
Take Down	3,144,000	959,824	(2,184,176)
Their Finest	2,000,000	2,049,985	49,985
The Collection	1,750,000 ²⁸	119,075	(1,630,925)
Show Dogs	1,565,789 ²⁹	0	(1,565,789)
Journey's End	850,000	630,860	(219,140)
Don't Knock Twice ³⁰	629,516	496,064	(133,452)
Minotaur	25,500	0	(25,500)
Lionel the First	25,000	0	(25,000)
Jack Staff	25,000	0	(25,000)
Total	10,014,805	4,255,808	(5,758,997)

²⁸ The investment value includes £600,000 of grant funding from the Media Investment Budget.

²⁹ The investment value includes £361,842 of grant funding from the Media Investment Budget.

³⁰ Don't Knock Twice also received £75,000 of grant funding under the Welsh Government's Business Finance scheme.

Exhibit 12: projects funded by the Media Investment Budget under the management of the Welsh Government (September 2017 onwards)

Project	Investment Value (£)	Amount Recouped to May 2018 (£)	Net Gain/(Loss) to Date (£)
Trampires ³¹	2,000,000	0	(2,000,000)
Eternal Beauty	1,050,000	0	(1,050,000)
Bang	350,000	0	(350,000)
Tiny Rebel	317,500	0	(317,500)
Goose Green	25,000	0	(25,000)
Total	3,742,500	0	(3,742,500)

Exhibit 13: overall Media Investment Budget Investments

	Investment Value (£)	Amount Recouped to May 2018 (£)	Net Gain/(Loss) to Date (£)
Total:	13,757,305	4,255,808	(9,501,497)

31 Trampires also received £52,572 of grant funding under the Welsh Government's Business Finance scheme.

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