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# Screen sector clusters: securing sustainability and growth

A report for COBA and Pact  
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## Summary

TV and film clusters across the UK are delivering growth, bringing significant economic and social benefits to their Nations and Regions, including highly skilled jobs. Given the ongoing work to develop clusters, and the government's ambitions to increase growth and prosperity and to develop a new industrial strategy for the creative industries, this report asks: How does the UK grow TV and film clusters on a sustainable basis?

To answer this question we have examined the factors for sustainable growth in a sample of five clusters in the Nations & Regions: Belfast, Bristol, Cardiff, Glasgow and Greater Manchester. There are other relevant clusters across the UK at different stages of development; notable examples include Birmingham and Leeds. We have then focused in on three of the clusters, Bristol, Cardiff and Glasgow, as they are well-established, have an evolving mix of commissioners and different genre strengths, and different local policy support. We have drawn on new research involving data analysis, an industry survey and interviews to examine the roles and impact of public and private sector initiatives and investment in each of these clusters. We then make four recommendations on what is needed for the future.

### Each of the clusters contributes significantly to the UK in terms of GVA and employment

We estimate that our three focus TV and film clusters of Bristol, Cardiff and Glasgow together contributed £1.95 billion to UK GVA in 2022, up from an estimated £1.32 billion in 2016, showing strong growth.

**Together, the TV and film clusters in Bristol, Cardiff and Glasgow contributed £1.95 billion GVA in 2022 and c.19,200 FTE jobs**

Glasgow had the largest estimated GVA in 2022 at £788 million, followed by Cardiff (£656 million) and Bristol (£506 million). Meanwhile, Bristol's GVA had grown most rapidly – up by 98 per cent on 2016, with increases of 52 per cent for Cardiff and 42 per cent for Glasgow.

These figures capture the overall economic impact of the TV and film sector's activities in the clusters, spend with suppliers outside the sector like transport and catering, and the ripple effects as these impacts support further economic activity (known as direct, indirect and induced effects).

The Bristol, Cardiff and Glasgow TV and film clusters have also had an important and growing impact on jobs. Together, the clusters contributed an estimated c.19,200 full-time equivalent (FTE) positions in 2022, up from c.11,300 in 2016.

Glasgow had the highest number of estimated FTEs in 2022 at c.7,770, followed by Cardiff at c.6,460 and Bristol at c.4,990. Bristol saw the biggest increase, with the number of FTE positions more than doubling from 2016 to 2022. Cardiff and Glasgow also saw strong growth, of 74 and 43 per cent respectively from 2016 to 2022. Because these numbers translate part-time and freelance input into an equivalent full-time count, the number of individuals working in the clusters will be much higher.

### Multichannel/ SVOD investment is fuelling growth, with PSB content investment maintaining a solid foundation

Total content investment across the three clusters reached £706 million in 2022, up from £439 million in 2018 – an increase of 61 per cent, with an average annual growth rate of 8 per cent.

Bristol had the highest content investment of the three clusters in 2022, at £273 million, followed by Glasgow (£256 million) and Cardiff (£177 million). Cardiff saw the biggest percentage increase on 2016, with investment up 95 per cent. Bristol and Glasgow were equally impressive, with 74 per cent and 34 per cent respectively.

This growth was fuelled by content investment from multichannel/ SVOD commissions – which increased by 111 per cent between 2016 and 2022, from £122 million to £258 million, an annual increase of 15 per cent across the three clusters. As a result, the share of total content investment contributed by multichannel and SVOD commissioners increased substantially from 28 per cent in 2016 to 37 per cent in 2022.

Alongside, public service broadcasters (PSBs) provided a solid foundation in each of our clusters, with stable demand for programming across a range of genres, budget ranges and producer types. Across the three clusters, total content investment by PSBs increased by 47 per cent, from £301 million in 2016 to £442 million in 2022, an average annual growth rate of 7 per cent.

Multichannel and SVOD services also invest as co-commissioners with UK PSBs. Content investment refers to the total cost of a production including all sources of finance that make up the budget. In addition to the primary commissioner, this may include tax reliefs, contributions from co-commissioners such as multichannel broadcasters and SVOD services, pre-sales to broadcasters and SVOD services for secondary windows in the UK and for distribution in international territories, bank loans, and grants. The co-commissioner contribution to UK PSB drama has grown gradually, as has its share, reaching 16 per cent of total funding in 2022.

This investment picture shows the crucial importance of a mixed ecology of commercial multichannel, SVOD and PSBs in delivering growth and sustainability.

### **This content investment is supporting a diverse range of TV producers**

The mixed ecology of commissioners is supporting a healthy mix of producers in each of the clusters, in terms of both size and genre specialism. This mix supports competition and innovation, attracting further investment and driving growth.

Each cluster benefits from a small number of large producers – from in-house broadcaster producers and large indies with annual revenues over £70 million, to medium sized labels, to a long tail of small independent producers with annual revenues of under £1 million. Independent producers typically account for around half of the volume of production activity, and PSB in-house producers for the rest.

**Glasgow has built on its experience in PSB drama to attract multichannel and SVOD investment, supporting diversification**

While each of the clusters we looked at has a genre specialism – natural history in Bristol, drama in Cardiff, and unscripted programming in Glasgow – the clusters have benefited from expanding into other genres. A reputation in one genre can act as a catalyst for growth, bringing opportunities in other genres – both through the expansion of established producers, and by supporting the emergence of new businesses. For example, Glasgow’s specialisation had traditionally been seen as factual and unscripted programming, often for PSB commissioners. It also had noted experience producing drama, often for PSBs. Glasgow has built on this experience and reputation to diversify, attracting investment in HETV drama and film from multichannel broadcasters, SVOD and international studios.

**Total multichannel and SVOD content investment reached £258 million in 2022, up 111 per cent on 2016, across Bristol, Cardiff and Glasgow**

### Smart public policy interventions are also supporting cluster sustainability and growth

UK-wide industrial policy has helped drive investment and sector development, including in our focus clusters.

The introduction of the Creative Industries tax credits has been hugely important in incentivising production and filming across the UK. Since HETV tax relief was introduced, total production in the sector has undergone a very substantial increase, from £392.8 million in 2013 to £2.08 billion in 2019. Meanwhile film spend rose from £849.2 million in 2007 to £2.02 billion in 2019. This generated significant benefits outside London, with around 33 per cent of HETV production spend and 19 per cent of film production spend in 2017-19, supporting tens of thousands of FTE jobs.<sup>1</sup> A new audiovisual expenditure credit (AVEC) system came into place in early 2024, with increased headline rates for children's and animation TV and, subject to implementing legislation, for UK independent film – recognising the specific challenges faced by these genres and their cultural and economic importance.<sup>2</sup>

Other major contributors to cluster growth are screen agencies, with devolved competencies in the Nations and a variety of bodies in the English regions, e.g. film offices. Local councils like Bristol City Council have also been actively supporting the establishment and growth of local screen industries. The range and level of services does vary between the Nations and the English Regions, due to available resources and organisational remits (statutory screen agencies were abolished in England in 2010).

Studios investment has played a vital role in cluster development. Examples include the Bottle Yard Studios in Bristol, which opened in 2010 as an initiative of Bristol City Council. Together with the activities of the Bristol Film Office, the studios have spurred a raft of new drama investment in Bristol from 'The Outlaws' (Big Talk Studios and Four Eyes Productions for BBC One and Amazon MGM Studios) to 'Alex Rider' (Eleventh Hour Films and Sony Pictures Television). Wolf Studios Wales opened in Cardiff in 2017, having received support from the Welsh Government. It has been home to productions such as 'A Discovery of Witches' (Bad Wolf and Sky Studios for Sky), and 'His Dark Materials' (Bad Wolf for BBC and HBO). Wardpark Film and Television Studios, located in Cumbernauld to the North East of Glasgow, has been the base for 'Outlander' since its inception (Tall Ship Productions, Left Bank Pictures and Story Mining & Supply Company, in association with Sony Pictures Television for Starz). It was Scotland's first purpose-built studio and has been credited as the 'proof of concept' for private and public studios investment in Scotland. Subsequent investment in FirstStage studios in Edinburgh provided the home for Prime Video's 'The Rig' and 'Anansi Boys'.

Wardpark, home to *Outlander* for Starz, acted as proof of concept for public and private studios investment in Scotland

It is worth noting the critical role played by public investment, alongside private investment, in almost all of these examples. The uncertain nature of programme supply often requires some form of public funding support to de-risk initial studio infrastructure developments.

Alongside industrial policy, the PSB system and related regulation – PSB Terms of Trade<sup>3</sup> and PSB production quotas, especially for hours and spend in the Nations & Regions – have played a vital role in supporting a steady flow of commissioning in our clusters for different sizes of independent producers, in a wide range of genres,

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<sup>1</sup> BFI, Screen Business, 2021

<sup>2</sup> BFI, Apply for British certification and tax relief

<sup>3</sup> The Terms of Trade are a set of regulations introduced following the Communications Act 2003, which set out the principles that each of the UK's PSBs apply when agreeing terms for the commissioning of independent productions for their licensed PSB channels

and across different budget ranges. Producers then have the incentives to pursue international investment and exports in relation to these programmes, supporting expansion.

### The UK TV and film sector is a global success story, but faces some challenges

In our focus clusters of Bristol, Cardiff and Glasgow, and across the UK, the screen sector has been driving growth and employment. However, as an ecosystem it has fragilities. Recent pressures, from the Covid-19 pandemic to the US writers and performers strikes, the ongoing digital transition, and high inflation – affecting advertiser and consumer discretionary spending – have led to a domestic and international downturn in commissioning investment in 2023/2024. This has revealed some stresses in the sector.

It will be important for policy makers and industry to address these together to unleash the full potential of TV and film clusters across the UK. To inform this, we have assessed the factors for cluster success and developed recommendations for the future.

### We identified seven key factors, which support the sustainability of TV and film clusters

From our data analysis, survey and stakeholder interviews, seven cluster characteristics are key to their success, sustainability and growth:

- **A mixed ecology of buyers and sellers:** Steady investment from PSBs provides a crucial ‘backbone’ for clusters. Growth requires clusters to also attract commercial and international investment such as from broadcast or VOD partners and/or distributors. This supports cross pollination of skills and ideas and helps to build critical mass and economies of scale.

*‘PSB spend is important and broadly consistent, but is limited by budgets and out of London quotas... any growth is going to have to come from streamers, major studios and independent film’ – A cluster stakeholder*

*‘AMC Networks relies heavily on the healthy mixed ecology within the UK market. Everyone's budgets are stretched and without financial collaboration, we simply wouldn't be producing the same output of programming. Fewer programmes would mean less choice for our audience and a narrower scope of storytelling’ – Eva Kelly, AMC Networks SVOD*

- **The ability to attract and retain creative leadership, talent and experienced crew:** The presence of experienced crew was recognised as being at the heart of a healthy and sustainable cluster ecosystem and was a key draw in attracting commissions to a cluster from a range of commissioners, and in particular returning commissions.

*‘...we really feel we are working at top of class. So whether it's your series producer or your writers, your editors, your production managers, you know, across the board the talent of the teams that get pulled together out of that Bristol market because of Bristol's history... I know I have a team that I have that level of faith [in]’ – A cluster stakeholder*

- **A genre specialisation supported by a healthy mix of other genres:** Having a specialism or reputation in a specific genre is credited with spurring growth and putting a cluster ‘on the map’, while developing genre diversity in a cluster and maintaining a mix of genres helps to attract further commissioning and build location resilience.

*‘Clusters in places like Bristol, Cardiff, Glasgow now have a reputation...are now centres of excellence and have a specialism that is not just famous within the UK, but travels beyond that’ – A cluster stakeholder*



*‘Being multi genre has definitely been a key strength because while the boom [in production] hasn’t disappeared, there has been a levelling off. But we filled those gaps because we’ve developed adjacent areas like adventure and what we call wildlife plus, notably a reality show called “Sharks! Celebrity Infested Waters” which we’ve sold to ITV and buyers around the world’ – Grant Mansfield, Founder and CEO, Plimsoll Productions.*

- **Filming locations and infrastructure:** Physical infrastructure is essential for attracting and retaining commissions in clusters. Adequate studio space is particularly important to enable the industry in a cluster to scale and retain larger-scale productions, particularly HETV scripted shows.

*‘[The existence of] permanent studio space is really important, and really helps drive the long term sustainability of industry rather than [a cluster] just being reliant on being used for location work’ – A cluster stakeholder*

- **Local policy support:** Complementing national policy interventions, local policy support plays an important role in developing clusters. This was highlighted as particularly effective in Scotland and Wales, where there is devolved funding and powers.

*‘The screen agencies [are] strategically aligned...Screen Scotland launched a big strategy a couple of months ago. It’s laid out. It’s really clear... so we find these moments where we can intersect’ – A cluster stakeholder*

- **UK-wide policy support:** Maintaining attractive tax credits is vital. PSB regulation in relation to production (PSB quotas, Terms of Trade) also support cluster development. Skills and training initiatives need to be enhanced.

*‘Our producers are wholly reliant on the tax credit and two Acorn TV series currently in development are liaising with Screen Yorkshire. ... it is critical that the UK tax relief not only remains in place but remains competitive’ – Eva Kelly, AMC Networks SVOD*

- **The availability of ancillary services:** Having ancillary services based in a cluster, including post-production and VFX, supports its emergence as a centre of excellence and enhances prospects for self-sustainability.

*‘The provision of high quality post-production in Bristol is also important, and keeps us coming back... in other places we’ve tried it’s just not as sophisticated’ – A cluster stakeholder*

*‘... having that ecosystem and trying to build that media village model, I think, is really important’ – Laura Aviles, Head of Film, Bottle Yard Studios*

In terms of the biggest threats identified by stakeholders, *squeezed production budgets* (‘doing more with less’) and *cost inflation* were the areas of highest concern, alongside any *future reduction in the attractiveness of tax reliefs*, and any emerging *skills shortages*.

### Based on these findings, we have made four key policy recommendations

We have considered the available policy levers and made recommendations on the overall approach to supporting TV and film clusters in the UK and its Nations & Regions, as well as pointers for individual clusters looking to develop. These are set out below:

- **Maintaining a mixed commissioning and production ecology:** Opportunities to support this mixed ecology should be explored, including through a new industrial strategy for the creative industries,

funding reviews and implementation of the Media Act 2024. Measures that must be maintained to support the current ecosystem include attractive film and television tax reliefs. For the health of the production sector, PSB Terms of Trade, independent production and Nations and Regions quotas for the PSBs, and the health of regional PSBs are also important.

- **Establishing a new, ambitious industrial strategy:** A new creative sector industrial strategy should take account of the lessons learnt in recent years, including the successful work of agencies established in the UK's Nations. The Government's commitment to further devolution in England presents an opportunity to ensure that local screen and other government agencies are provided with the appropriate powers and resources to target funds and support towards their screen sectors.
- **Securing talent and developing skills schemes:** In the July 2024 King's Speech the Government committed to reform the Apprenticeship Levy in England, replacing it with a Growth and Skills Levy. This is an important opportunity to make the model less rigid and open to non-apprenticeship training. Considering the project-based nature of TV and film production, it is also worth assessing how apprenticeship standards can be tailored to specific roles in the sector and the fixed minimum-length requirements in apprenticeship standards can be removed.
- In 2023, the BFI awarded funding over three years to six BFI Skills Clusters across the UK, supporting collaboration across local agencies, industry and education and training providers in identifying skills shortages and coordinating training. Such devolved funding and delivery to the local level could be built upon; there needs to be coordination in delivery to ensure that this is efficient and that programmes can scale. In addition, local agencies could work to identify key local creative talent, or creative ambassadors, and seek ways to weave them into the area's wider strategic vision and harness their networks.
- **Maintaining the competitiveness of the audiovisual expenditure credit:** Tax relief for HETV and film has been vital to the growth seen in UK content investment across the UK, both by domestic commissioners and inward investors. It supports the overall attractiveness and competitiveness of the UK and its Nations & Regions, with knock-on benefits for jobs, retaining highly skilled talent and crew, and infrastructure investment in studios. It is therefore a priority to maintain competitiveness of the existing reliefs.

Separately, it is worth considering how to best support creative R&D. Potential routes to do so through the tax system include expanding the TV and film expenditure credit definitions to include creative R&D as an eligible cost and ensuring that any cross-economy R&D tax relief schemes are accessible to and designed appropriately for the creative industries. Stakeholders also said that they would welcome a successor to the Creative Industries Clusters Programme to increase understanding of and engagement with R&D in the sector through grants and expert support.

The UK TV and film sector is a major contributor to the economy and a policy priority

# 1 Introduction

The UK audiovisual sector is a major success story. The sector's entrepreneurialism, creativity and innovation, supported by judicious policy interventions, have delivered investment across the UK. As part of this, multichannel broadcasters and VOD services have played a vital role in driving growth in content investment, helping to open up global markets for exports, and providing inward investment including in infrastructure. Meanwhile, the production sector has transformed over the last 20 years from a cottage industry into a major contributor to UK culture and the economy.

As the UK's audiovisual sector has developed, so too have TV and film clusters across the UK. In this report we examine the role of clusters and the ingredients needed to support their future sustainability and growth. A creative cluster is defined by NESTA as 'a geographic concentration of creative businesses and workers, often linked to similar value chains, that collaborate and compete with each other'.<sup>4</sup>

## 1.1 The UK's TV and film sector is built on a mixed ecology

The UK's TV and film sector is built on a mixed ecology with public and private sector broadcasters, on-demand services, and producers of all sizes and specialisms.

Content buyers and distributors range from public service broadcasters (PSBs) to UK and international commercial multichannel broadcasters and studios, and a variety of VOD services. These draw on a mix of different funding models from advertising to subscription to pay-per-view to the licence fee, and box office receipts for film.

Multichannel broadcasters provide a steady stream of commissioning across the UK, with different genres and budget levels according to the channel's focus. This gives audiences more choice, including in specialist programming. Examples include detective series 'Annika' from Glasgow's Black Camel Pictures for UKTV's crime drama channel Alibi, and 'A Real Bug's Life' from Bristol's Plimsoll productions for National Geographic. Where multichannel broadcasters offer their services outside the UK and Ireland, programming needs to travel well but must still perform in the UK's highly competitive market.

SVOD commissioners invest substantial average expenditure per programme compared to the rest of the sector. This reflects the prevailing SVOD strategy of investing heavily in premium scripted content, which can compete for domestic audiences as well as working in other markets. While SVOD services traditionally have a strong focus on high-end drama, Netflix and Prime Video have broadened their UK commissioning strategy, resulting in a more diverse genre mix including comedy, factual entertainment and specialist factual. This helps to provide a varied offer, keeping subscribers engaged.

Meanwhile, the UK PSBs invest in a high volume of original content across genres and budget ranges. They aim to serve both mass audiences and niches, often focusing on UK stories that include UK talent and reflect audiences' daily lives and concerns on screen. Out of the PSBs, the BBC has the most even split of commissions across genres. ITV is notable for the relatively high proportion of entertainment and drama commissions, while Channel 4 and Channel 5 commission a higher proportion of factual content. Channel 5 has undergone the most significant shift in genre focus since 2016, likely driven by its change in ownership in 2014, with a large increase in factual entertainment commissions.

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<sup>4</sup> DCMS, *Independent Review of the Creative Industries*, 2017

On the content supply side, the UK production sector consists of producers of all sizes and genre specialisms, with HQ and offices across the UK. Due to low barriers to entry and the attractiveness of incentives for producers (commissioning opportunities, supportive regulation), talent often spins out of established producers to launch start-ups, creating new targets for consolidation. This cycle of ‘creative renewal’ brings access to fresh ideas, expertise and funding. Increasingly the film sector overlaps with high-end TV production and post-production/visual effects. The total production sector reached £6.77 billion in revenue in 2021 (the last year for which data are available), having grown at an annual rate of 2.9 per cent since 2011.<sup>5</sup>

#### THE TYPES OF PRODUCTION COMPANY REFERRED TO IN THIS REPORT:

There is a variety of production companies across the UK, which can be broken down into four main ‘groups’:

1. In-house studios: these are owned and operated by broadcasters and may produce content both for their associated broadcaster and for third parties. Examples are Sky Studios, BBC Studios, ITV Studios and STV Studios.
2. Super-indies: this is the term given to large production groups, such as All3Media and Banijay, which are typically made up of multiple labels.
3. Smaller independents: these companies make up the majority of the UK production sector in number of companies. Indies with revenues under £10 million/year account for around 85 per cent of the market and indies with revenues between £10 million and £70 million/year account for around 12 per cent of the market.<sup>6</sup>
4. UK subsidiaries of global studios: this includes companies based in the UK and producing content in the UK but whose group is not UK owned, such as Disney and Warner Bros. Discovery’s UK labels.

In terms of ownership status, independents are allocated to two categories. Non-qualifying independents (NQIs) are companies which are more than 25 per cent owned by a parent which is or owns a UK broadcaster – this includes labels part owned by multichannel broadcasters such as Sky or Warner Bros. Qualifying indies (QIs) are independently owned producers that don’t meet this definition.

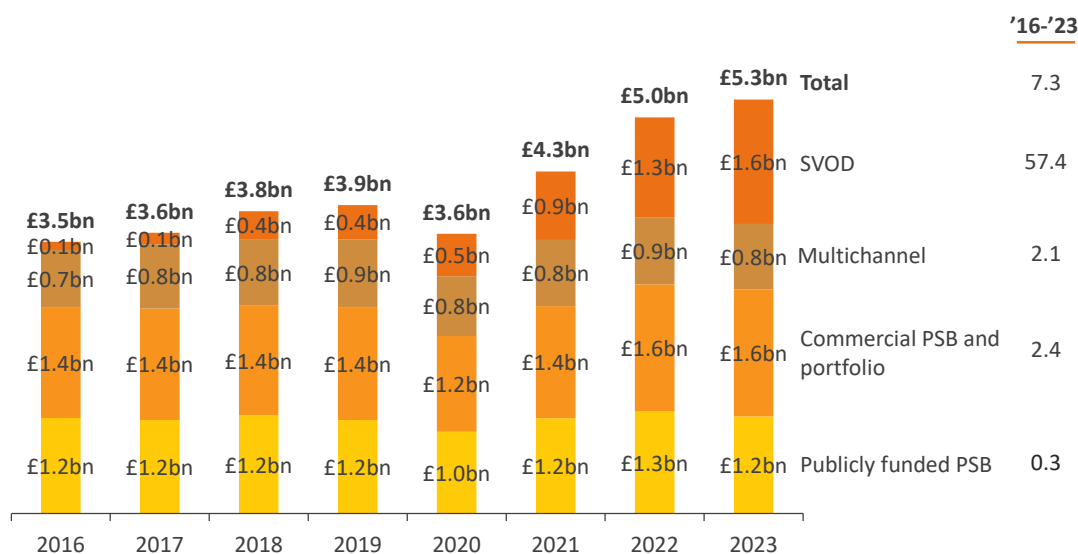
The 2023 Pact Census revealed that content investment boomed in the UK immediately following the pandemic, in response to competition. This can be seen in **Figure 1** below, which also illustrates how multichannel broadcasters and SVOD services contributed to this growth.

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<sup>5</sup> Oliver and Ohlbaum report commissioned by Ofcom, *Understanding the UK’s TV Production Sector, August 2023*

<sup>6</sup> Ibid.

**Figure 1: Total UK content investment by service type on original programming, 2016-2023, £bn<sup>7</sup>**



Note: Excludes films with theatrical releases. Some year-on-year change in multichannel spend, e.g. from 2022 to 2023, likely driven by broadcasters moving commissioning on their linear multichannels to their on-demand SVOD services

Source: Ampere Analysis, Oliver & Ohlbaum estimates and analysis

Figure 1 shows how the UK commissioning ecology is now more diverse and balanced than it was in 2016 in terms of spend, with the four commissioning groups all playing a significant and complementary role. This mixed commissioning ecology means that producers have different potential clients competing for the best ideas. Multichannel and SVOD commissioning provides routes for diversification and growth. Meanwhile there is a solid foundation of PSB commissioning, which provides opportunities for all sizes of producer and across the full range of genres and different budget levels. In 2023, there were 30 SVOD commissions in the UK and 1,391 commissions by the main PSB channels.<sup>8</sup>

Moreover, the 2023 edition of the Pact UK TV Exports Report shows that UK TV exports reached their highest level of £1.85 billion in 2022-23, a 22 per cent increase on the previous year, bringing creativity from across the UK to international audiences.

The picture has since moderated in response to market forces, which we discuss further below.

## 1.2 The TV and film sector can spread economic, social and cultural benefits across the UK

The UK TV and film sector – and the creative industries in general – make a significant contribution to the UK economy and represent a major opportunity for sustainable growth. Given the trend at a national level has been highly positive over the last decade, there has been growing interest from industry, policymakers, investors and educational institutions in harnessing the potential benefits that the sector can bring. The nature of the AV sector, which is mobile and project driven, means it is well placed to contribute across the Nations & Regions. In

<sup>7</sup> Available SVOD data includes Hulu, Netflix and Prime Video from 2016, plus Apple TV+ from 2020, plus Disney+ from 2021, plus Paramount Plus from 2022. Commercial PSB and portfolio relates to ITV, C4C and Five. Publicly funded PSB relates to the BBC

<sup>8</sup> SVOD includes Apple TV+, Disney+, Netflix and Prime Video. Main PSB channel includes BBC One, BBC Two, ITV, Channel 4 and Channel 5. O&O Producer Database, Ampere Analysis

addition to the UK's entrepreneurialism and tradition of excellence in storytelling of all forms, smart policy interventions have played a key role in supporting regional development, as set out below.

### 1.2.1 UK-wide industrial policy has helped drive investment and sector development

The Creative Industries tax credits have been hugely important in incentivising production across the UK. UK film tax relief was established in 2007 to attract and incentivise film production. Tax reliefs announced in 2013 and 2014 offer the same benefits to high-end TV (HETV), animation for broadcast, children's programming and video games. Since HETV tax relief was introduced, production in the sector has increased substantially, from £392.8 million in 2013 to £2.08 billion in 2019. Meanwhile film spend has risen from £849.2 million in 2007 to £2.02 billion in 2019. This has generated significant benefits outside London, with around 33 per cent of HETV production spend and 19 per cent of film production spend relating to the Nations & Regions in 2017-19, supporting tens of thousands of FTE jobs.<sup>9</sup>

A new audiovisual expenditure credit (AVEC) system came into place in early 2024. The headline rate was also raised for HETV, children's and animation.<sup>10</sup> In May 2024 a UK Independent Film Tax Credit (IFTC) of 39.75 per cent was announced for films below a £15m budget threshold, in recognition of the specific challenges faced by this sub-sector and its cultural and economic importance.

Another development is the establishment of screen agencies with devolved competencies in the Nations and a variety of bodies in the English regions, e.g. film offices. Screen agencies in the Nations are supported by a mix of Nations government funding and National Lottery Funding, as well as e.g. Arts Council Wales for Ffilm Cymru. Meanwhile, Bristol Film Office is a division of Bristol City Council. The different bodies may also bid for project-based funding from different DCMS or BFI National Lottery schemes. These bodies exist to support and maximise cultural, economic, and educational benefits of screen industries based in or visiting their area. Support on offer can range from development and production funds to skills and training initiatives, local archives and exhibition programmes. In many cases, film offices are part of, or supported by, the corresponding local council and as such can assist with services such as filming permits. The range and level of service offered by screen agencies and film offices varies between Nations and Regions, depending on the available resources and organisational remit. (Statutory screen agencies in England were abolished in 2010 as part of the then coalition government's commitment to reduce the number of UK quangos).

Studios investment has played a vital role in cluster development. Examples include Bottle Yard Studios in Bristol, which opened in 2010 as an initiative of Bristol City Council.

***'[The existence of] permanent studio space is really important, and really helps drive the long term sustainability of industry rather than [a cluster] just being reliant on being used for location work' – A cluster stakeholder***

Cardiff has also seen a significant boom in its studio space in the past decade. Great Point Seren Studios originally opened in 2014. In 2023, the Welsh government sold it to Great Point Media, which had leased the studios since 2020. The Welsh Government and Cardiff Capital Region also agreed a funding package of £18 million to further develop the studios and facilities. Wolf Studios Wales opened in Cardiff in 2017, also having received support from the Welsh Government. It has been home to productions such as *'Doctor Who'* (Bad Wolf with BBC Studios

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<sup>9</sup> BFI, Screen Business, 2021

<sup>10</sup> Equivalent to around 0.5 per cent under the old tax reliefs for HETV and equivalent to 4.25 per cent for children's and animation

for BBC and Disney Branded Television), *'A Discovery of Witches'* (Bad Wolf and Sky Studios for Sky) and *'His Dark Materials'* (Bad Wolf for BBC and HBO).

Wardpark Film and Television Studios, which is located in Cumbernauld to the North East of Glasgow, has been the base for *'Outlander'* since its inception (Tall Ship Productions, Left Bank Pictures and Story Mining & Supply Company, in association with Sony Pictures Television for Starz). It was Scotland's first purpose-built studio and has been credited as the 'proof of concept' for subsequent private and public studios investment across Scotland, as well as giving impetus to training local Scottish talent and crew.<sup>11</sup> This has attracted international investment, such as by Prime Video. Meanwhile the BBC has invested in Pacific Quay and Dumbarton Studios in Glasgow.

It is worth noting the critical role played by public investment, alongside private investment, in almost all of these examples. The uncertain nature of programme supply often requires some form of public funding support to de-risk studio infrastructure developments.

### Case study: Prime Video

Over the last few years, Prime Video has commissioned a slate of several major HETV productions in Glasgow and Edinburgh, providing significant investment to Scotland's screen industry. Pyramid Studios, between Glasgow and Edinburgh, was used for *'Good Omens Season 2'* in 2021, while FirstStage Studios in Edinburgh has hosted productions including *'The Rig Season 1'* and *'Anansi Boys'* in 2021 and *'The Rig Season 2'* in 2023, all of which have benefited from the quality studio space available in Scotland.

Amazon invested over £50m in Scotland in its 2021 productions, creating over 750 jobs, 60 per cent of which were filled by Scottish locals. Additionally, Amazon supported over 60 trainees, enhancing skill development in the region, working with Screen Scotland on joint training initiatives.<sup>12</sup>

Amazon collaborates closely with local studios, such as FirstStage Studios in Edinburgh, to provide state-of-the-art facilities for its productions. This collaboration not only boosts local employment but also promotes the region's capability to handle further high-profile productions in the future, solidifying Scotland's reputation as a prime filming destination.

In addition, Amazon has commissioned several "on-location" productions, including *'Fear'* in 2024, filmed on the streets of Glasgow, and a number of *'Grand Tour'* episodes including *'Well Aged Scotch'* released in 2019 and *'Lochdown'*, a special released in 2021. These have all benefitted from the variety of striking filming environments available in Scotland and help to promote Scotland as a destination for other commissioners.

Suzanne Reid, Series Producer for *'The Rig'*, has commented, '...it's great to see Amazon greenlighting more projects in the UK. It automatically supports the creative industries with jobs and with more productions come the opportunity for traineeships and opportunities for crew to step up to new positions'.<sup>13</sup>

Hamish Allison, Edit Equipment Supplier for *'The Rig'*, has said, 'With investment from companies like Amazon, recognition is growing. Building creative hubs, committing to multi-series projects ... It also stimulates growth around the filming locations. Thanks to Amazon being one of our first streaming clients, we now supply bespoke editing and post-production solutions to all the large streamers...'<sup>14</sup>

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<sup>11</sup> The Herald, *Why is the screen sector booming in Scotland?*, March 2023. Interview with Screen Scotland Executive Director Isabel Davis

<sup>12</sup> Screen Scotland, *Amazon's investment in Scotland's film and TV sector, 2022*

<sup>13</sup> About Amazon, *Prime Video's investment in the UK is creating opportunities for homegrown film and TV talent*, 2023

<sup>14</sup> Ibid.



### 1.2.2 Targeted PSB regulation has unlocked entrepreneurialism in the production sector

A key influence in the emergence and growth of regional production has been the development of the independent production sector. This was initially triggered by the launch of Channel 4 as a publisher-broadcaster in 1982, encouraging creative talent to form new production companies, and supported by the introduction of quotas requiring the PSBs to allocate at least 25 per cent of their commissions to competitive tender from independent companies (Broadcasting Act 1990).

The PSBs are also subject to regional production requirements in order to support the development of the production sector outside of London and deliver diverse content that is representative of the UK as a whole. PSB regional production quotas were progressively implemented from 1998 as part of licence and charter renewals. They set the minimum proportion of programme commissions, for UK-wide programmes, that must be produced outside of London. The quotas for the BBC and for Channel 4 have increased since they were introduced, and now stand at 50 per cent spend and hours and 35 per cent spend and hours respectively. Channel 4 also has a voluntary commitment to 50 per cent spend outside London.

In addition, the BBC must meet quotas for spend and hours in each of the Nations that are proportionate to their share of population<sup>15</sup>. Channel 4 must meet a 9 per cent spend and hours quota for all production outside England (no Nations-specific quotas). In response to the Channel 4 relicensing process, Pact and screen bodies from the Nations made the case for an increase in the Made out of England quota for Channel 4, together with individual quotas by Nation. Ofcom decided to increase Channel 4's current Made out of England quota to 12 per cent of hours and spend by 2030'.<sup>16</sup>

Perhaps most notably, the Terms of Trade between PSBs and independent producers came into force following the Communications Act 2003, enabling independent producers to own and exploit their IP in PSB commissions, raise capital, and develop into international businesses. These measures were necessary because the PSBs accounted for the majority of commissions and were in a position to favour any in-house studios, affecting competition.

More broadly, indigenous and regional minority language PSBs in the Nations & Regions, including BBC Alba and S4C, have remits to provide a broad range of high quality and diverse programming in the Gaelic and Welsh languages respectively, and both commission a major share from local independent producers. In 2022/23, around 97 per cent of BBC Alba's investment in TV programmes and programme development was spent with independent producers.<sup>17</sup> In the same year, 97 per cent of commissioned hours on S4C were from independent producers.<sup>18</sup>

## 1.3 But the ecosystem needs to be carefully maintained

While the UK audiovisual sector is home to great talent and creativity, it is a finely balanced ecosystem. It is important to seize the opportunity to strengthen its resilience to any shocks to the economy, as well as market developments in the UK and abroad. The pandemic presented the sector with an unprecedented challenge as production was put on hold and commissioners reduced their spending. After an initial bounce back, supported by the Film and TV Production Restart Scheme, the sector faces on-going pressures.

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<sup>15</sup> 8 per cent Scotland, 5 per cent Wales, 3 per cent Northern Ireland

<sup>16</sup> Ofcom, Statement: Channel 4 licence renewal, 2024

<sup>17</sup> MG Alba Annual Report and Statement of Accounts 2023/2024

<sup>18</sup> S4C Annual Report and Statement of Accounts 2023/2024. Excludes BBC statutory hours

### 1.3.1 Structural and cyclical changes in the sector are creating new challenges

As mentioned, the UK benefits from a strong audiovisual ecosystem with the scale to support numerous broadcast and VOD services and producers, providing audiences with a rich variety of content and showcasing the UK to the world through exports. In recent years, digital technology has brought consumers new ways of accessing and paying for content, and new online services have entered the market and grown, increasing competition for consumers' attention, e.g. VOD, video sharing platforms like YouTube and TikTok, and wider audiovisual services like online gaming. This competition has seen broadcasters and VOD services seek to increase content spend where possible, and/or to change their content mix to channel investment to 'fewer, bigger, better' productions that cut through, especially high-end drama and factual, as well as peak-time entertainment. At the same time, broadcasters have been investing in digital transformation to respond to consumer and advertiser needs for online content and services, such as VOD players and FAST channels, often while still serving audiences on traditional broadcast.<sup>19</sup>

The sector is also facing challenges from the wider economic situation. An initial bounce-back in content investment immediately after the pandemic resulted in production cost inflation and resource shortages across studios, crew, contributors and talent (some had left the industry during Covid-19), especially in genres like drama. The audiovisual sector now faces further challenges. The economy has experienced a downturn. Together with high inflation in the sector and the overall economy, broadcasters and VOD services have had to manage the potential for changes in consumer discretionary spending (pay TV, SVOD) and advertiser spending (broadcast channels, advertiser-funded VOD, FAST channels). In addition, the writers and performers strikes in the United States meant that many global productions filming in the UK or using UK talent went on hold.

As a result, over the last year we have seen a slowdown in commissioning as commissioners pursue efficiency. Factual genres and programmes traditionally broadcast in daytime have been especially affected, with producers, talent and crew facing a decline in available work. While producers have sought to diversify and to exploit their IP catalogues, some well-established companies have closed over the last 18 months, including Icon Films (Natural History, Bristol) and Wildflame Productions (Factual, Cardiff). At the topline level, according to Oliver & Ohlbaum data published in Ofcom's Communications Market Report 2024, independent producer revenue from primary UK commissions declined 10.2 per cent from £1,986 million to £1,784 million in nominal terms, while revenue from primary international commissions declined 14.7 per cent from £1,320 million to £1,125 million between 2022 and 2023.<sup>20</sup>

These developments underline the importance of maintaining a balanced, mixed ecology of commissioners in the UK as well as the importance of cluster diversification in terms of genre, with support for retraining and transferable skills. A smart industrial policy is more important than ever to enable the industry to deliver sustainable growth and skilled jobs across the UK.

## 1.4 Supporting the UK's audiovisual clusters has been a policy priority

The screen sector is naturally organised around clusters – pockets of activity where the skills and resources for programme making exist. These clusters play a key role in the UK's globally successful audiovisual ecosystem and so supporting their development should be high on the agenda.

In relation to the creative industries as a whole, the 2023 Creative Industries Sector Vision, jointly developed by the previous government and the Creative Industries Council, included as its first goal: to 'grow creative clusters

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<sup>19</sup> FAST refers to free, ad-supported streaming television channels

<sup>20</sup> Oliver & Ohlbaum report commissioned by Ofcom, [Communications Market Report, 2024](#)

across the UK, adding £50 billion more in Gross Value Added' by 2030 compared to 2019 levels.<sup>21</sup> This would be delivered through three objectives: increased public and private investment in innovation; a step-change in regional investment to help creative businesses reach their growth potential; and creative businesses growing their exports. The vision also pledged to 'work to open up opportunities and accelerate growth right across the UK'. Further goals relate to building a 'highly skilled, productive and inclusive workforce for the future, supporting 1 million more jobs across the UK' with objectives around education, skills and job quality; and maximising 'the positive impact of the creative industries on individuals and communities, the environment and the UK's global standing'.

The creative industries are also one of the five priority sectors for the *Investment Zones* programme; the selected Zones overlap with screen hubs such as Glasgow and Cardiff. Further industrial policy support to incentivise and promote investment in the creative industries was announced as part of the previous government's 2024 Spring Budget, including an enhanced audiovisual expenditure credit for UK independent film.

## 1.5 We expect this focus to remain, and have sought to contribute to the shared evidence base

The creative industries contribute to driving growth across the UK, and clusters play a valuable role. Before the General Election, Rachel Reeves' March 2024 Mais lecture listed 'our fantastic creative industries' first when referring to the sectors that embody Britain's potential for growth, and they were noted among Britain's 'key economic strengths' in Labour's industrial strategy. In his March 2024 speech at the Labour Creatives Conference, Keir Starmer argued that '[t]he creative industries have the power and the potential for levelling up like nothing else... TV production in Cardiff, Yorkshire, Salford and Leeds'.

A robust evidence base is important to inform future policy development. There are recent reports looking at the impact of clusters, but these have tended to be general across the creative industries (e.g. for DCMS, '*Understanding the growth potential of creative clusters*', 2022) or to focus on a particular player (e.g. BBC, '*Doctor Who, Economic Impact*', 2023). This report aims to set out the opportunities that exist for the TV and film sector, with a focus on the role of clusters and the ingredients for their sustainability and growth.

## 1.6 In this context we have assessed how best to support TV and film clusters across the UK

We have aimed to provide an overview of the development and role of TV and film clusters across the UK, considering the factors that contribute to their success and sustainable growth, before setting out some policy recommendations. This report contains the following parts:

- **The development of TV and film clusters across the UK:** A review of recent market developments in the UK and its clusters in particular, with a focus on Bristol, Cardiff and Glasgow
- **How commissioning and production have evolved in the clusters:** Explaining the roles of different commissioners in supporting the sustainable growth of clusters for TV and film, and the wider AV ecosystem

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<sup>21</sup> DCMS Policy Paper, *Creative industries sector vision: a joint plan to drive growth, build talent and develop skills*, June 2023

- **Factors for sustainable cluster growth:** Identifying the vital ingredients for sustainability and growth with key evidence, the lessons for stimulating such success in other clusters, and any barriers to future growth
- **Conclusions and recommendations:** Drawing together the evidence presented in the previous parts to set out what this means for the sector and what might be done to support its continued sustainability and growth

We have used a range of approaches to develop a comprehensive evidence base and capture a range of perspectives. Our methodology includes:

- **Data analysis:** We used the *O&O Producer Database* to collect data on PSB Network commissioning activity and used the production regions assigned to programming on the Ofcom Made Outside London register to inform our assessment of cluster location. We then used desk research, including website searches of producers, studios and screen bodies, to collect data on all other sources of commissioning in each cluster, including from multichannel services (both UK multichannel such as Sky Arts and US multichannel such as HBO); SVOD services; PSB network, portfolio and regional channels (e.g. ITV, ITV2 and STV); and international commissioners (such as Disneynature, ARTE), across linear and digital commissioning. We applied average cost per hour to this programming that varied by commissioner type, genre and year.
- **Literature review:** We used desk research to review previous reports on the impact of TV and film clusters outside London. We also reviewed the latest policy context for creative industry clusters and the development of the audiovisual sector more broadly, including from DCMS, Treasury, Ofcom, screen bodies, Select Committee evidence and Labour Party speeches and publications, as well as academic research and publications from think tanks.
- **Survey:** We designed a bespoke survey to test our hypotheses on what factors are important to develop TV and film clusters with sustainable growth, the ranking of those factors, and any perceived threats to their future success. We collected responses from stakeholders active in each of our three focus clusters. Most responses were from production companies (73) – which is to be expected as this is the segment with the highest number of active companies. We also collected responses from relevant screen bodies and film offices (4), screen infrastructure operators (9), commissioners (9), distributors and post-production services (7).
- **Interview programme:** We conducted an interview programme to gather deeper insights into the key factors behind sustainable cluster growth, with 15 stakeholders from across the value chains in our focus clusters, including producers, commissioners, studio infrastructure operators and screen bodies.

## 1.7 About the authors

O&O is a leading independent advisor on the media, entertainment and sport sectors, with practice areas across policy and regulation, strategy, investment and commercial advisory. We have an in-depth understanding of the competitive dynamics of the UK's TV and film industries and have been a specialist advisor on the production sector for over two decades. As part of this, O&O has worked on buy and sell side transactions, competition assessments, market sizing and value chain analysis, production and commissioning strategies, and public policy around fiscal incentives, territoriality of rights, and production regulation including the PSB Terms of Trade. In doing so, O&O has worked for major broadcaster and VOD commissioners, independent producers, investors, trade associations, Screen Scotland, Ofcom, DCMS and the European Commission. O&O maintains its own in-house *Producer Database* and has carried out an annual Census of the UK production sector on behalf of Pact for over ten years.

The interviews for this report were carried out by Rationale Consulting. Its founder Nick Toon has extensive experience of working with creative businesses and organisations in key clusters across the UK and he provided some additional qualitative insights. Rationale is a creative industries consultancy specialising in policy and strategy development and investment.

# The development of TV and film clusters across the UK

## 2 The development of TV and film clusters across the UK

This part sets out our analysis of the development of key TV and film clusters in the UK.

### 2.1 Supporting the growth and sustainability of TV and film clusters is key

In the context of a new government, which is planning to produce a new industrial strategy, clusters present an opportunity to drive growth and highly skilled jobs across the UK. Therefore, it is important to consider what is required for sustainable cluster growth and resilience, and to highlight take-aways for those seeking to develop a cluster in the coming years.

### 2.2 The UK has TV and film clusters with different characteristics and stages of development

It is worth beginning with a clear definition of what we mean by clusters. The concept of a regional 'cluster' has been most simply defined as a 'geographical agglomeration of firms from the same sector that collaborate and compete with each other, and have links with other actors in the location', where 'other actors' includes trade associations and educational institutions.<sup>22</sup> Clusters are considered to stimulate increased productivity and growth, mainly through the diffusion of technological and cultural knowledge, ideas, skills, and expertise – which foster innovation and new business formation.<sup>23</sup> The informal flow of skilled labour between firms is much more common than formal collaborations and this is particularly relevant to the creative industries where co-location helps to create a rich talent pool of freelancers and also acts as a magnet for ambitious and innovative people.

To provide a sense of how AV clusters work, how they have developed, and their contribution to the UK economy, we selected a sample of five to review. These are: Bristol, Cardiff, Glasgow, Greater Manchester and Belfast. There are other relevant clusters across the UK at different stages of development; notable examples include Birmingham and Leeds. **Figure 2** illustrates some of these clusters.

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<sup>22</sup> Caroline Chapain, Phil Cooke, Lisa De Propriis, Stewart MacNeill and Juan Mateos-Garcia, *Creative clusters and innovation: Putting creativity on the map*, 2010

<sup>23</sup> Graham Drake, "This place gives me space": Place and Creativity in the Creative Industries, *Geoforum* 34: 4, 2003

**Figure 2: Map of example TV and film clusters across the UK**

*Note: Colour and size of the circles indicates those clusters that are the main focus of our report - does not indicate the relative size/value of these clusters*

We have focused in on three of the clusters, Bristol, Cardiff and Glasgow, in the discussion in this report. We selected these clusters on the basis of their longstanding reputation as production hubs and creative capitals of their respective Nation/Region, their recent success in securing commissions from an evolving mix of buyers, the commercial and critical success of commissions produced in these clusters and their differing genre strengths. These clusters also represent a variety of other policy support and value chain factors, such as the level of local policy support, availability of screen infrastructure and presence of production companies of different sizes.

*'Clusters in places like Bristol, Cardiff, Glasgow now have a reputation...are now centres of excellence and have a specialism that is not just famous within the UK, but travels beyond that' – A cluster stakeholder*

### 2.2.1 Bristol, Cardiff and Glasgow are well-established and successful TV and film clusters

A combination of factors have contributed to the development of each of our deep dive clusters, with a solid foundation based on PSB commissions and investment and additional growth through commissions from other buyers including multichannels and the major SVODs – resulting in the successful, mixed ecologies we see today. We have set out development timelines and value chains for all three clusters in **Figure 3**.

#### **Bristol has a reputation for Natural History but is expanding into high-end drama**

The development of Bristol's TV and film cluster can be traced back to the anchoring presence of the BBC, in particular the establishment of the Natural History Unit (NHU) in 1957. The NHU developed into the pre-eminent global producer of wildlife programmes and supported a proliferation of specialist natural history producers that are now based in the city. The growth of high-end drama in the cluster in recent years has been significant and resulted directly from decisions by Bristol City Council to invest in the Bristol Film Office and focus on the genre. The Bottle Yard Studios, which originally opened in 2010, has recently added three new stages (TBY2) and has



spurred a slew of drama commissions in the city, including productions such as *'The Outlaws'* (Big Talk Studios and Four Eyes Productions for BBC One and Amazon MGM Studios), and *'Alex Rider'* (Eleventh Hour Films and Sony Pictures Television).

### Cardiff has a reputation for high-end drama

The BBC and subsequent PSB investment in Cardiff, in particular the launch of S4C in 1982, has acted as a foundation for the growth of commissioning and production. The BBC's decision to base the production for the *'Doctor Who'* relaunch in Cardiff in 2005 provided a decisive boost to the city and the wider Welsh TV landscape. Cardiff has subsequently developed a reputation for high-end drama production from a range of commissioners, with notable titles being produced in the city over the last decade including *'A Discovery of Witches'* (Bad Wolf for Sky) and *'His Dark Materials'* (Bad Wolf and New Line Productions for BBC One and HBO).

The establishment and development of Creative Wales and Ffilm Cymru Wales has also been important in supporting the sector. They and the Welsh Government have supported industrial development, such as the purchase and development of Pinewood Studios Wales in 2015 (now Great Point Seren Studios) and Wolf Studios Wales in 2017.

Key production companies such as Bad Wolf have also proven to be important anchors for production in Cardiff. With Sony Pictures Television taking a majority stake in Bad Wolf in 2021, it has grown to be one of the most successful qualifying independent production companies outside of London and the South East of England, and became the biggest creator of new jobs in any sector in Wales's Fast Growth 50 list in 2017-2019.<sup>24</sup> As such, its founders have an important role as creative leaders and ambassadors for the Cardiff cluster.

### Bad Wolf

Producer Bad Wolf is a prime example of the role of creative talent and ambassadors with links to a place being able to further cluster growth and reputation and attract major international investment.

Bad Wolf was established Cardiff in 2015 by Jane Tranter and Julie Gardner, both of whom were former BBC drama executives, and it quickly established a reputation as a leading producer of high-end drama. Both had previously worked in Wales, and co-founder Jane Tranter was reported to have been 'heavily influenced by the use of studios and the community of crews in New York and felt that she could establish something similar in Wales' when setting up Bad Wolf.<sup>25</sup>

Fantasy and period HETV drama – plus training and outreach – required a suitable, permanent studio. Wolf Studios Wales were opened in 2017 as a partnership between the Welsh Government and Bad Wolf. It offers 140,000 sq. ft of stage space across 7 stages, with one at 57.5 ft in height making it the tallest in Wales and one of the tallest in the UK. The studio has now become the home to some of the biggest drama productions from a range of commissioners, from PSB but particularly US multichannel and SVOD services. Notable examples include HBO and the BBC's *'His Dark Materials'* and *'Industry'*, Sky's *'A Discovery of Witches'*, and BBC and Disney Branded Television's *'Doctor Who'*.

In 2017, the same year Wolf Studios opened, the company received investment from Access Entertainment and then from Sky and HBO as the first investment in the two broadcasters' co-production partnership.<sup>26</sup> In October 2021, it was announced that Sony Pictures Television would acquire a majority stake in Bad Wolf, including

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<sup>24</sup> [Bad Wolf, The Economic Impact of Bad Wolf, 2021](#)

<sup>25</sup> [Deadline, International Disruptors: Jane Tranter, Co-Founder Of 'His Dark Materials' Producer Bad Wolf Talks Shooting In Wales & Future Ambitions Under Sony Pictures Television Deal, March 2022](#)

<sup>26</sup> [Sky and HBO advance production partnership with investment in Bad Wolf](#)

buying out the minority stakes held by Access Entertainment and Sky/HBO. The deal also included Wolf Studios Wales and the 30 per cent stake Bad Wolf owns in its L.A.-based sister company, Bad Wolf America. This has created a long-term partnership to produce future productions with global reach and boost Cardiff's and Wales's standing in the entertainment industry.<sup>27</sup>

Alongside Wolf Studios Wales, Bad Wolf has a longstanding relationship with the Welsh government, recently announcing a funding deal brokered by Creative Wales, which will see Bad Wolf maintain its principal base at Wolf Studios Wales in Cardiff. Bad Wolf will also continue the work achieved with Screen Alliance Wales, which the company set up in 2017 and which has reached 60,000 aspirant creatives to date, to provide meaningful paid trainee placements on high-end productions.<sup>28</sup>

The Bad Wolf 2015-2020 Economic Impact Report showed that the company had created an additional £9.5 million in additional gross value added (GVA) for each £1 million invested by the Welsh Government.<sup>29</sup>

As at March 2024, Bad Wolf had produced 14 Seasons of High-End Drama (103 hours), created sustainable long-term employment over 8 years and to September 2024 had won 49 Awards and received 191 Award nominations. They are also leading the way in Wales for sustainability as the only Studio with a Very Good albert rating and are a key part of the TV Access Project.<sup>30</sup>

### **Glasgow's specialisation has traditionally been seen as factual programming, but it increasingly attracts HETV drama and film productions as part of diversification**

The BBC and subsequent PSB investment were again important in establishing a cluster in Glasgow, in particular the move of BBC Scotland's headquarters in 2007 from Queen Margaret Drive to BBC Pacific Quay, the launch of BBC Alba in 2008, and the launch of the BBC Scotland channel in 2019. Channel 4 also has a base in Glasgow including commissioners as part of its 4 All the UK strategy. As in Cardiff, the establishment and development of local agencies in support of the sector, in particular Screen Scotland in 2018, has helped to catalyse an increase in higher value commissions in the cluster.

Glasgow's specialisation has traditionally been seen as factual and unscripted programming, often for PSB commissioners (this includes general factual, factual entertainment and entertainment). It also had noted experience producing drama, again often for PSBs.

But again, as with other clusters, growth is now being driven by building on this experience and reputation to diversify into higher value unscripted programming, including for multichannel broadcasters and SVODs. An example is *'Three Mothers, Two Babies and a Scandal'*, a factual series by Firecrest Films for Amazon Studios. Meanwhile Finestripe's award-winning observational documentary series, *Bank of Dave*, has been turned into a film by Netflix. Other HETV drama and film investment from major international studios includes Warner Bros. *'The Batman'* in 2019 and Disney's *'Indiana Jones 5'* in 2021. International studios investment was catalysed by American network Starz's commission of *'Outlander'*, a high budget television drama, based at Wardpark Studios since 2013.

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<sup>27</sup> Variety, Sony Confirms Acquisition of 'His Dark Materials' Producer Bad Wolf, Buys Out Sky/HBO Minority Stake, December 2021

<sup>28</sup> IBC, Bad Wolf strikes £4m deal with Welsh Government, March 2024

<sup>29</sup> Saffery Champness, The Economic Impact of Bad Wolf, the first five years: 2015-2020

<sup>30</sup> IBC, Bad Wolf Strikes £4m Deal with Welsh Government, 2 March 2024

**Finestripe Productions – a smaller indie success story**

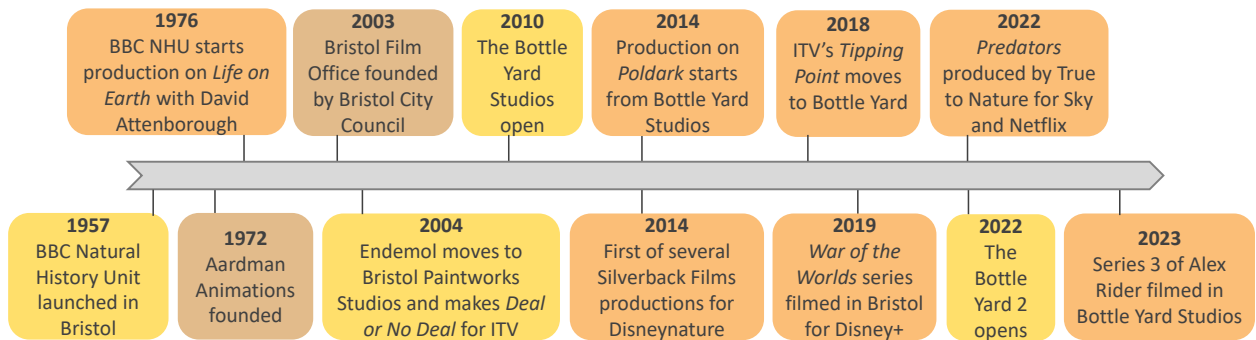
Finestripe Productions was founded in 2005 by Katie Lander and Sue Summers. It is a BAFTA and Royal Television Society award-winning Glasgow-based production company, specialising in factual programmes. Most recently, Finestripe's BBC TV feature doc *The Mysterious Mr Lagerfeld* won the Single Documentary Award at the 2023 BAFTA Scotland Awards.

The company works for major PSB and commercial broadcasters including the BBC, ITV, Channel 4 and The Food Network UK, as well as Amazon and Netflix. Following three seasons of the series *Shrink Rap* – in which comedian turned therapist Pamela Stephenson Connolly interviewed A-list stars like Robin Williams, Billy Connolly, Joan Rivers and Tony Curtis - for More4, Finestripe made the Grierson and Bafta-nominated documentary *The Day John Lennon Died*, for ITV, the first of six films in the brand. Its observational documentary series *Bank of Dave*, following minibus salesman Dave Fishwick as he set up his own bank, won the 2012 RTS Award for Best Nations/Regions Programme, and the 2013 BAFTA Scotland Award for Best Features & Factual Entertainment Programme. It has since been adapted into a 2023 film for Netflix, with Katie Lander as an Executive Producer. A second feature is currently in production. Finestripe's campaigning films on women's health with Davina McCall, for Channel 4, put the menopause on the national agenda and helped change the law. Other recent programmes include the series *Boris Becker: The Rise and Fall* for ITV and for the Food Network, two seasons of *Sophie Grigson: Slice of Italy*, which was named programme of the year at the Fortnum & Mason food awards.

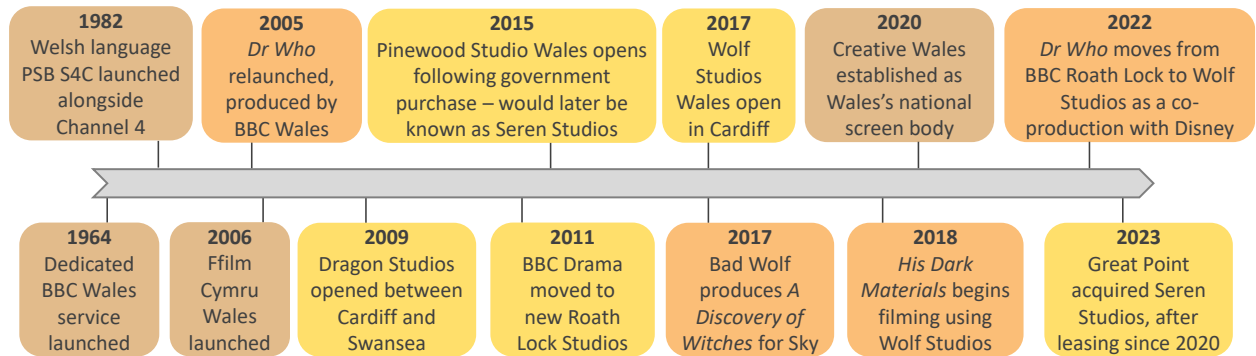
Finestripe is an important example of organic growth from a 'home grown' independent company within a cluster.

Figure 3: Timelines of major developments in production in Bristol, Cardiff and Glasgow

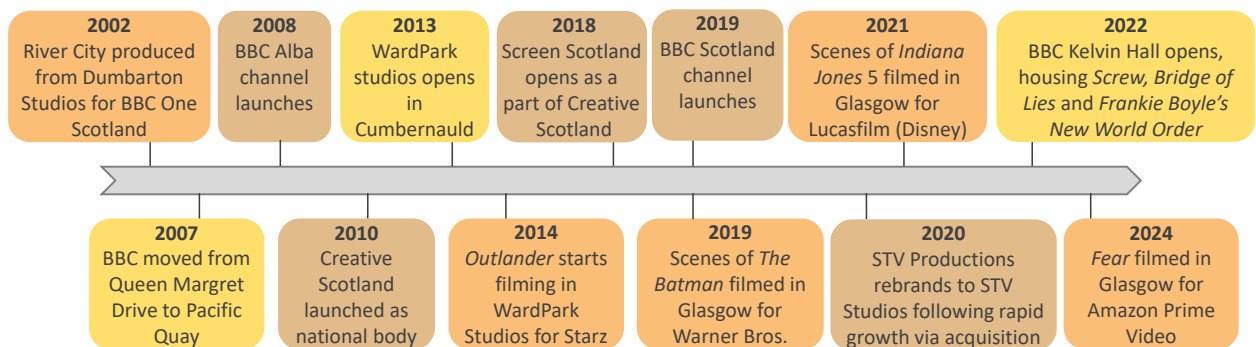
**Timeline of major developments for production in Bristol**



**Timeline of major developments for production in Cardiff**



**Timeline of major developments for production in Glasgow**



- Infrastructure/studios
- Productions
- Other

Note: Timelines not scaled

## 2.2.2 These clusters have developed into thriving ecosystems with diverse value chains

The value chains in each cluster are illustrated in **Figure 4**. The clusters are characterised by a range of companies of all sizes and characteristics, from commissioning to distribution. There are production companies from micro independents to so called 'super-indies' and broadcaster in-house studios, alongside independent post/VFX studios and distributors. They are also typically comprised of sub-clusters which serve different genres. This provides an important example of the way clusters stimulate increased productivity and growth through the flow of knowledge and expertise between genres and specialisms.

In Bristol, for example, while Natural History is the genre most often associated with the cluster, other sub-clusters exist, including:

- The factual sub-cluster developed as producers expanded their focus beyond natural history. It includes commissioners such as Sky and Netflix, producers such as Plimsoll, and distributors such as Off the Fence. For example, alongside producing Natural History titles such as *'Incredible Animal Journeys'* for Disney+, Plimsoll has recently produced *'Victorian Murder Files'* for Quest Red and *'Marcus Wareing's Tales from a Kitchen Garden'* for the BBC.
- The animation sub-cluster has been centred around Aardman, the world leading animation studio, and has commissioners including Disney (*'Star Wars: Visions Volume 2'* from Aardman and Lucasfilm) and partners including Sony Pictures Entertainment (*'The Pirates! In an Adventure with Scientists'*).

In Cardiff, which has a specialism in drama, Welsh language programming is an important sub-cluster. Cardiff also benefits from a spread of commissioning across different genres including entertainment, factual entertainment and general factual:

- Welsh language content is driven by commissioners such as the BBC and S4C, as well as producers such as Afanti, and access to studio space infrastructure such as Roath Lock.

In Glasgow, alongside the core sub-cluster of factual and unscripted programming, which is regarded as the 'bread and butter' of the cluster, there is also an important HETV drama and film production sub-cluster:

- The factual and unscripted programming sub-genre features production companies such as Raise the Roof, Tern TV, Finestripe Productions and Firecrest Films. The BBC and Channel 4 provide a foundation in commissioning while new investment, including in some higher value programming, comes from multichannel and SVOD commissioners such as Prime Video.
- Glasgow has been building on its reputation in drama production, in the past often for PSBs, to grow its share of HETV drama and work for a wider pool of commissioners. It has also been attracting important film projects. Both have been supported by studio investment as well as location filming opportunities and experienced crew. High-profile HETV drama film productions based in Glasgow over the last decade have come from investors including Warner Bros., Disney, Starz and Prime Video, using studio spaces such as FilmCity Glasgow and Wardpark Film and Television Studios. Active independent film distributors include Conic.

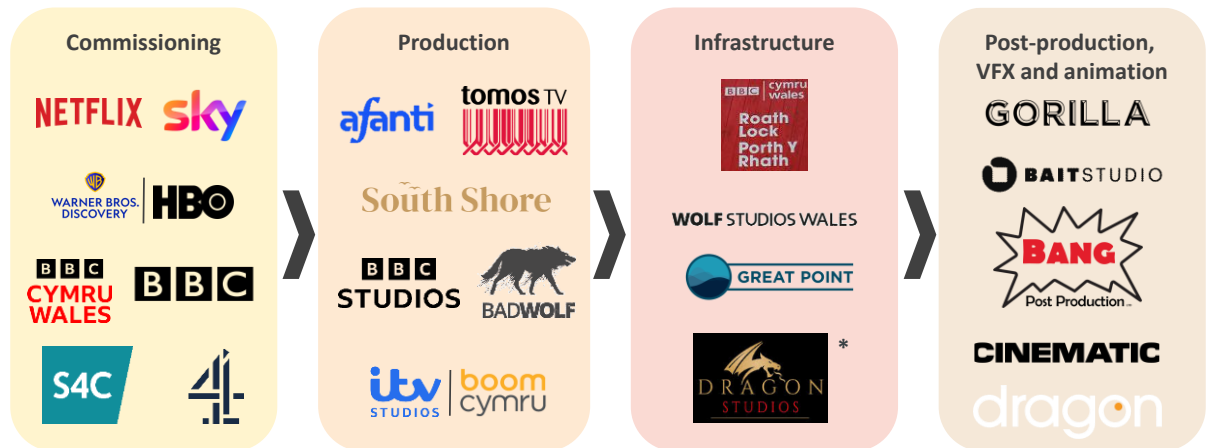
Examples of some of the major players along the value chain, for each cluster, are set out in the chart below.

Figure 4: Value chains in Bristol, Cardiff and Glasgow

**Bristol value chain**

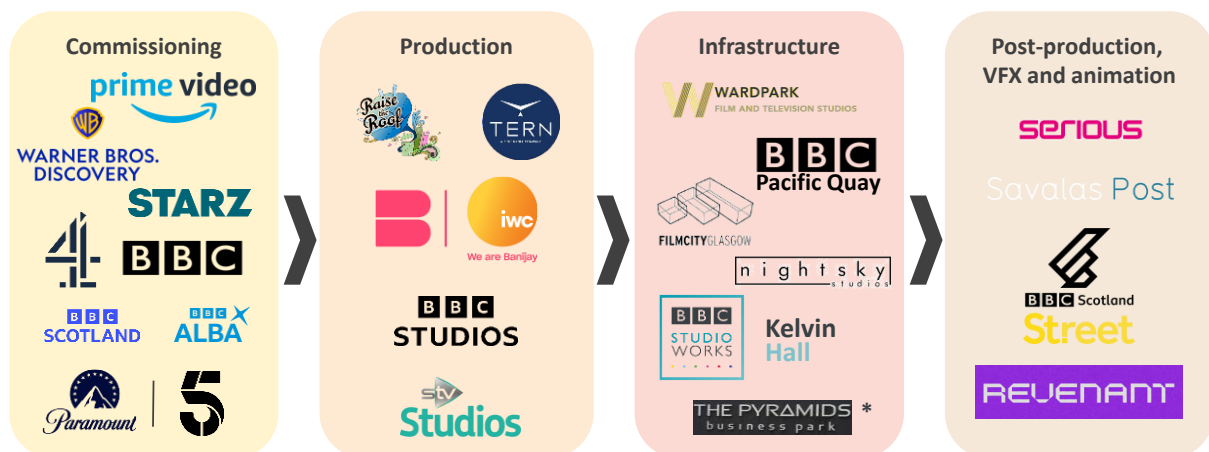


**Cardiff value chain**



Notes: \*Outside of city but within Travel To Work Area

**Glasgow value chain**



Notes: \*Outside of city but within Travel To Work Area

## SPOTLIGHT ON GREATER MANCHESTER AND BELFAST

Here we take a look at the additional clusters that we reviewed, Greater Manchester and Belfast.

### The Greater Manchester cluster grew significantly after the BBC's move in 2011 and is now a destination for film

Television production has been a feature of Greater Manchester since ITV's iconic soap 'Coronation Street' began filming in 1960. It has become the most significant audiovisual hub in the north of England. The most notable PSB development was the inception of Media City UK in 2010 and the BBC's move to Salford Quays in 2011, involving some of its largest brands including BBC Sport, BBC Children's, BBC Radio 5 live, the BBC Philharmonic, BBC Learning and some of BBC News.<sup>31</sup> ITV Granada and later ITV Studios are also located at the site, together with a variety of other actors in the screen sector including producers, ancillary service providers, and a Salford University campus.

In recent years, Greater Manchester has become an attractive destination for international film and HETV drama. In 2014 Manchester City Council invested £35 million transforming the 1970s Fujitsu manufacturing halls in West Gorton, Manchester, into what is now Space Studios.<sup>32</sup> It has housed productions including Columbia Pictures/Marvel's 'Morbius', Netflix's 'Anatomy of a Scandal', BBC gangster drama 'Peaky Blinders', Sky's 'Cobra' and Netflix's 'The Crown'.

In the last three years, Greater Manchester has seen 45 major TV dramas and feature films shoot in the region. Other examples are 'It's A Sin' (Red Production Company for Channel 4), 'World On Fire' (Mammoth Screen for BBC and Masterpiece) and supernatural drama 'The Rising' (Sky Studios for Sky Max). Filming is currently underway for 'Lazarus' (Quay Street Productions for Prime Video) and 'House of Guinness' (Kudos for Netflix).<sup>33</sup>

### Belfast is often associated with Game of Thrones but is the home of several major scripted strands

Northern Ireland Screen has been the key institutional actor in the growth of the screen industries in the cluster. The most significant relationship developed was with HBO series 'Game of Thrones'. This was filmed at Titanic Studios in Belfast and on location across Northern Ireland over eight series in 2010-18 and would become one of the most successful television series of all time. Over the course of production, *Thrones* received c.£16 million of production

<sup>31</sup> KPMG, An Assessment of the Economic Impact of the BBC, March 2021

<sup>32</sup> Deadline, Hot Spots: How Manchester Is Fast Becoming A Magnet For International Productions 23 June 2022

<sup>33</sup> Ibid.

funding from NI Screen, and in total £251 million was returned to the Northern Ireland economy.<sup>34</sup> The presence of *Thrones* in Belfast has spurred many more productions in the city and supported a boom in film infrastructure.

Subsequent PSB commissions have filmed in Belfast including the BBC's *'Line of Duty'* (World Productions) and *'Blue Lights'* (Two Cities Television and Gallagher Films), and Channel 4's *'Derry Girls'* (Hat Trick Productions) – all received some support from NI Screen. Major film productions have included 2021's *'Belfast'* as well as *'Four Letters of Love'* and *'Old Guy'* due for release in 2024. International commissions based at Belfast Harbour Studios have included Warner Horizon's *'Krypton'*, New Regency's *'The Northman'* and Netflix's *'The School for Good and Evil'*. HBO's *'Bloodmoon'* (pilot) and Paramount Pictures' *'Dungeons & Dragons'* were based at Titanic Studios.

Northern Ireland Screen has supported significant studio expansion in the city, starting in 2007 with Titanic studios, and subsequently Loop Studios in 2013. The biggest studio expansion began in 2017 with phase one of the Belfast Harbour Studio development at Giant's Park on the North Foreshore of Belfast Lough.<sup>35</sup> Developed by Ulster University in partnership with Belfast Harbour and Northern Ireland Screen, Studio Ulster was announced in 2023 as a second phase of the project, and is set to open in 2024.<sup>36</sup> It will integrate Virtual Production with traditional film, animation, games and broadcast industry alongside leading edge Research and Development, and Visual FX capability.

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<sup>34</sup> Northern Ireland Screen, *Adding Value Vol. 3* July 2021

<sup>35</sup> Belfast City Council, *Giant's Park*

<sup>36</sup> Belfast Harbour, *Belfast Harbour Joins Partners in Announcing £25.2m investment for the Northern Ireland Film Industry, 2022*



## 2.3 Clusters contribute significantly to the UK in terms of GVA and employment

We have taken a closer look at the TV and film clusters in Bristol, Cardiff, and Glasgow, and quantified their contribution in terms of Gross Value Added (GVA) and employment in their cities. In doing so, we have looked at how these have developed over time – as an indication of the scope for them to continue to grow in future, if they receive the right support. The impact of the clusters on the wider economy is broken into three levels:

- **Direct** – these are the economic impacts that are driven directly by the industry through tax, income through employment, and net profit.
- **Indirect** – this includes purchases of goods and services by those in the audiovisual sector from companies in their supply chain (e.g., transport, catering), reflecting increased demand and economic benefits.
- **Induced** – this is the increased employee spending in the wider economy as a result of increased earnings driven by direct and indirect effects. The income that these employees receive from their employers will be spent, at least in part, on additional goods and services, driving further economic impact beyond the audiovisual sector and those immediately in its supply chain.

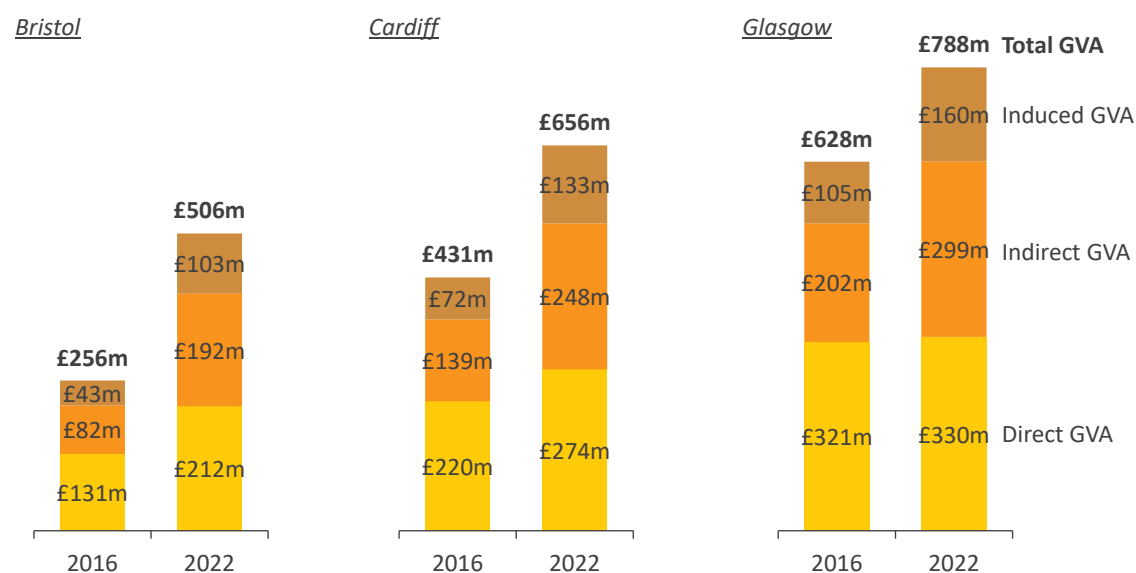
It should be noted that the GVA numbers in **Figure 5** refer to the audiovisual sector as a whole, and while the sector is dominated by production and broadcasting activities, other areas such as music are also included in these numbers and may have contributed to the trends outlined below. This is due to limitations in the available data and the Standard Industrial Classification of economic activities (SIC). The below nevertheless represents a good indication of the contribution of the audiovisual sector and its growth. More details of our approach are set out in **appendix section 6.1**.

### 2.3.1 These clusters contribute significant and growing economic output to the UK economy

As shown in **Figure 5**, there has been strong growth in terms of estimated GVA between 2016 and 2022 from the audiovisual sector in each of the three clusters. Together, we estimate that they contributed £1.95 billion to UK GVA in 2022, an increase from an estimated £1.32 billion in 2016.

- In **Bristol** the total value of the audiovisual sector doubled between 2016 and 2022, with the total GVA contribution rising from an estimated £256 million to £506 million. This included continued steady growth between 2019 and 2022 as the cluster weathered the impact of COVID-19 – perhaps supported by the remote locations and typically long production timescales involved in Natural History.
- In **Cardiff**, the total value of the audiovisual sector increased by 52 per cent, from £431 million in 2016 to £656 million in 2022. This growth has involved some fluctuations, in particular around COVID-19, with GVA dipping down to £438 million in 2020 from £500 million the year before. Since the pandemic there has been a significant increase in GVA, up 50 per cent from 2020 to 2022.
- The growth of GVA in **Glasgow** has been less dramatic but is nonetheless significant at 25 per cent between 2016 and 2022. Like Cardiff, Glasgow has seen some variability in the value of the TV and film cluster, most notably with a dip to £555 million in 2021 – likely a delayed impact of the pandemic. In 2022 the cluster's GVA jumped 42 per cent, returning to a record high of £788 million.

It should also be noted that while the overall growth rates are impressive and indicate resilience considering the trend from 2016, recent challenges in the market including the fallout from the pandemic and the global commissioning slowdown have exposed the fragility of these local ecosystems.

**Figure 5: Estimated total economic impact of local AV sectors, SIC 59-60\*, 2016 and 2022, £m**

Note: \*Motion picture, video and television programme production, programming and broadcasting activities, sound recording and music publishing activities. Excludes gaming

Source: ONS, Scottish Government, Oliver & Ohlbaum analysis and estimates

### 2.3.2 The clusters also make a major contribution in terms of employment in their areas

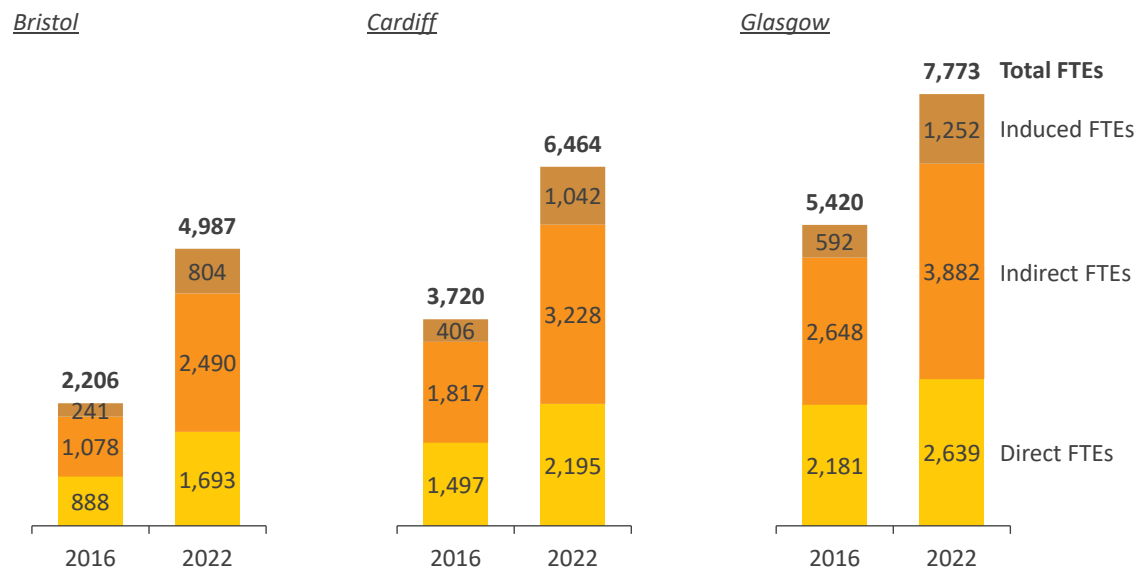
As shown in **Figure 6**, the growth in the GVA contribution of the TV and film clusters in Bristol, Cardiff and Glasgow is largely reflected in associated employment growth – an upwards trend in economic activity generally requires increased employment to support it.

The following figures apply to Full Time Equivalent (FTE) positions. We chose this metric as it is the industry accepted unit to measure employment, where one FTE is equivalent to the average annual workload of an individual employed full time. This metric therefore includes part time/ freelance employees on a pro rata basis. Given the reliance on freelance work in the screen sector across the country, it should be noted that these figures are likely conservative estimates of the total number of workers in the sector and the sector likely supports more people than the raw numbers presented below. Also, these figures relate to where the economic activity is located, not necessarily the workers themselves, so people who commute into clusters for work are included in these figures. The trends also vary by cluster, as set out below.

- **Bristol** has seen strong growth in the number of full-time equivalent positions in the audiovisual sector, with these more than doubling from 2016 to 2022. There was a dip in employment of around 100 FTEs between 2021 and 2022 – returning employment to around the same level seen in 2020, which was a record at the time.
- **Cardiff** saw employment grow by 74 per cent between 2016 and 2022, at a faster rate than GVA. There were some fluctuations in the period, but employment remained relatively stable during the pandemic, showing moderate growth during 2020.

- In **Glasgow**, employment levels have followed a similar pattern to GVA. Overall, employment grew by 43 per cent from 2016 to 2022. Glasgow was seemingly impacted substantially during the pandemic years following a period of strong growth, with FTEs dropping almost by 2,000 from 2020 to 2021 (from 7,609 to 5,641) and then bouncing back in 2022 to 7,773.

**Figure 6: Estimated total employment impact of local AV sectors, SIC 59-60\*, 2016-2022, Full-time equivalents**



Note: \*Motion picture, video and television programme production, programming and broadcasting activities, sound recording and music publishing activities. Excludes gaming

Source: ONS, Scottish Government, Oliver & Ohlbaum analysis and estimates

How commissioning and  
production have evolved in  
the clusters

## 3 How commissioning and production have evolved in the clusters

In this part, we consider commissioning and production trends in our three focus clusters – Bristol, Cardiff and Glasgow – comparing content released during 2016 and 2022. This includes a breakdown of commissioning by multi-channel broadcasters, SVOD services and PSBs, to examine how they have each helped to support these ecosystems.

In our analysis, we have aimed to record all forms of TV production occurring in each of our clusters, including by companies based in the cluster (either as their headquarters or a secondary office), and companies without a base in the cluster but where the primary production/filming location is a studio/location in the cluster. We count production groups and ‘super-indies’ with multiple labels and subsidiaries as single companies. We have grouped production companies based on their status: non-qualifying independents (NQIs), qualifying indies (QIs) and in-house studios.<sup>37</sup>

We used the *O&O Producer Database* to collect data on PSB Network commissioning and used the production regions assigned to programming on the Ofcom Made Outside London register to inform our assessment of cluster location. We used desk research, including website searches of producers, studios and screen bodies, to collect data on all other sources of commissioning in each cluster, including from multichannels (both UK and US channels), SVOD services, PSB portfolio and regional channels, and other international commissioners.

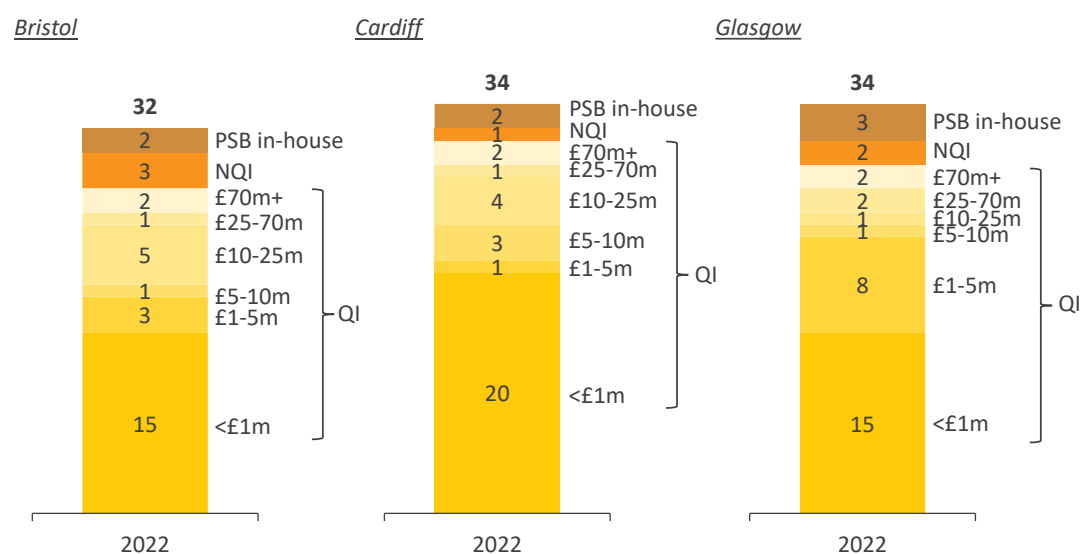
### 3.1 The clusters feature a diverse range of producers supplying content

The production sector as a whole is characterised by a diversity of supply, with companies of different sizes and ownership contributing to the ecosystem. As we have discussed, this is important in supporting innovation, a diversity of ideas and revenue streams, and the process of creative renewal that sustains the sector.

In terms of independent producers, our three focus clusters benefit from broadly similar levels of diversity; they are each home to roughly the same number of producers and to producers of different sizes (based on turnover band) and ownership type, as seen in **Figure 7**.

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<sup>37</sup> Non-qualifying independents (NQIs) are companies which are more than 25 per cent owned by a parent which is or owns a UK broadcaster – this includes labels part owned by multichannel broadcasters such as Sky or Warner Bros. Qualifying indies (QIs) are independently owned producers that don't meet this definition. In-house studios such as BBC Studios and ITV Studios are owned in full and operated by broadcasters and may work for their associated broadcaster and for other commissioners.

**Figure 7: Number of companies producing TV content in each cluster, by type and annual turnover in 2022**

Note: QI stands for qualifying independent. NQI stands for non-qualifying independent. Production groups counted as single companies. In 2022, while 50% owned by WBD, All3Media counted as a NQI, but since then has been acquired in full by RedBird IMI and so now counts as a QI

Source: O&O Producer Database, Oliver & Ohlbaum analysis

The presence of major production groups, including non-qualifying independents and in-house studios, is important to help put clusters on the map, establishing them as locations for production and helping to develop the talent pool, which then facilitates the emergence of new and smaller producers – supported by low barriers to entry and the attractiveness of incentives for producers (commissioning opportunities, supportive regulatory framework). The larger producers often acquire successful local production labels to expand their regional presence, and this fosters a process of creative renewal. Examples of this include Glasgow’s Tern being acquired by Zinc Media and Bristol’s Silverback Films being acquired by All3Media.

### Silverback Films

Silverback Films was established in 2012 in Bristol by Alastair Fothergill and Keith Scholey, both of whom are former heads of the BBC NHU. Silverback specialises in the production of high-end wildlife films for both television and cinema. Its work includes, for example, *The Hunt* (2015), a seven-part series for the BBC; *Our Planet* (2019), an eight-part series for Netflix produced in partnership with the World Wildlife Fund, *A Perfect Planet* (2021) for Discovery and the BBC and *Wild Isles* (2023) for the BBC. Silverback has had a long series of commissions from Disney+, producing 11 out of the 16 DisneyNature films on Disney+ from 2012 to 2020. Silverback also made the Scholey-directed feature film, *David Attenborough: A Life on Our Planet* in 2020.

The company is a clear example of several themes relevant to cluster growth. Firstly, as wildlife and natural history experts, it illustrates the importance of genre and format specialists to the growth of a cluster. Silverback is also a clear example of the importance of creative leadership and the existence of networks of local contacts and talent in a cluster, as being in one institution, the BBC’s NHU, brought together the talent which germinated a new business.

The company also illustrates the trend of the UK production sector becoming increasingly internationally oriented: only a small percentage of its revenue comes from the UK and Los Angeles is a more important

commissioning centre for Silverback than London.<sup>38</sup> Equally typical was the company’s acquisition by All3Media, announced in December 2020, which exemplifies the trend for successful smaller independent companies to be bought by ‘super-indies’, supporting further growth.

The majority of companies operating in each cluster are qualifying independents (QIs), which range from the largest ‘super indies’ in the >£70m bracket, such as Fremantle and Banijay, down to those which might produce a few hours each year. Within the QI segment, the distribution of producer sizes is broadly similar in Bristol and Cardiff, which have a reasonable cohort of companies operating in the £5 million to £25 million range. In Glasgow, the distribution of QIs is skewed much more towards the lower end of the turnover bands, with most companies earning less than £5 million per annum, perhaps due to the focus on factual programming, which is a market that smaller producers can more easily win work in (off-peak slots and lower cost genres make lower risk investments for commissioners, allowing smaller producers to build up their reputation).

In our selected years of 2016 and 2022, productions by the in-house studios of UK PSBs, BBC Studios, ITV Studios, and STV Studios in Glasgow were also picked up. These studios operate in each of our three focus clusters and help provide employment opportunities for freelancers working in the industry as well as running production facilities that can be used by independents. Other in-house studios also operate on a similar basis, notably Sky Studios, which has produced works in other years and other clusters (e.g. ‘The Rising’ in Greater Manchester).

We also examined trends in the mix of ownership, and the associated levels of activity in terms of the volume of commissions and their value. **Figure 8** shows that the trends in each of the clusters are relatively similar. There has been growth in the levels of activity from all three types of producer – NQI, QI and in-house studios – illustrating that opportunities exist to enable a variety of production companies to thrive.

**Figure 8: Type of companies producing TV content made in each cluster, 2016 and 2022, hours and £m**



Note: Value refers to all sources of funding, not just primary commissioner spend. Excludes news. Years refer to release dates. QI stands for qualifying independent. NQI stands for non-qualifying independent  
 Source: O&O Producer Database, Oliver & Ohlbaum analysis

More details on the trends seen in each of the clusters is set out below:

<sup>38</sup> Andrew Spicer, Steve Presence, Agata Frymus, Go West! 2 Bristol’s Film and Television Industries, April 2022

- In 2022, qualifying independents produced more hours in **Bristol** than non-qualifying independents and in-house PSB studios. Hours produced by qualifying independents in Bristol more than doubled between 2016 and 2022 from 211 to 468 hours, with the total value of the content also up from £82 million to £183 million. The value of in-house production grew while hours decreased, indicating a shift to a more expensive genre mix.
- Hours produced by qualifying independents in **Cardiff** almost tripled over 2016 to 2022 from 106 to 316 hours, worth £22 million and £82 million respectively. The share of production between qualifying independents and in-house PSB studios is now more evenly split across both hours and value, having been skewed far in favour of in-house studios in 2016. NQIs make a minority of hours in Cardiff.
- In **Glasgow**, all types of production companies, including QIs, NQI and in-house PSB studios, have seen growth in commissioning from 2016 to 2022 in terms of value, though the value of commissions with non-qualifying independents and in-house studios has grown proportionately more. Total hours produced by non-qualifying producers was broadly flat (from 441 to 438 hours over the period), while their total value grew substantially by 35 per cent from £60 million to £81 million. In comparison, qualifying independent hours grew by 27 per cent while their total value grew only 9 per cent, indicating that the increase in higher cost per hour production in Glasgow has mostly benefited non-qualifying independents.

## 3.2 A broadening of genre coverage is helping fuel growth in the clusters

We looked at trends in commissioning in each cluster. This reflects both demand and supply and shows how the clusters have developed in terms of their capabilities. In each case, the clusters have started with a genre specialism, before building on that expertise and reputation to branch out into multi-genre hubs.

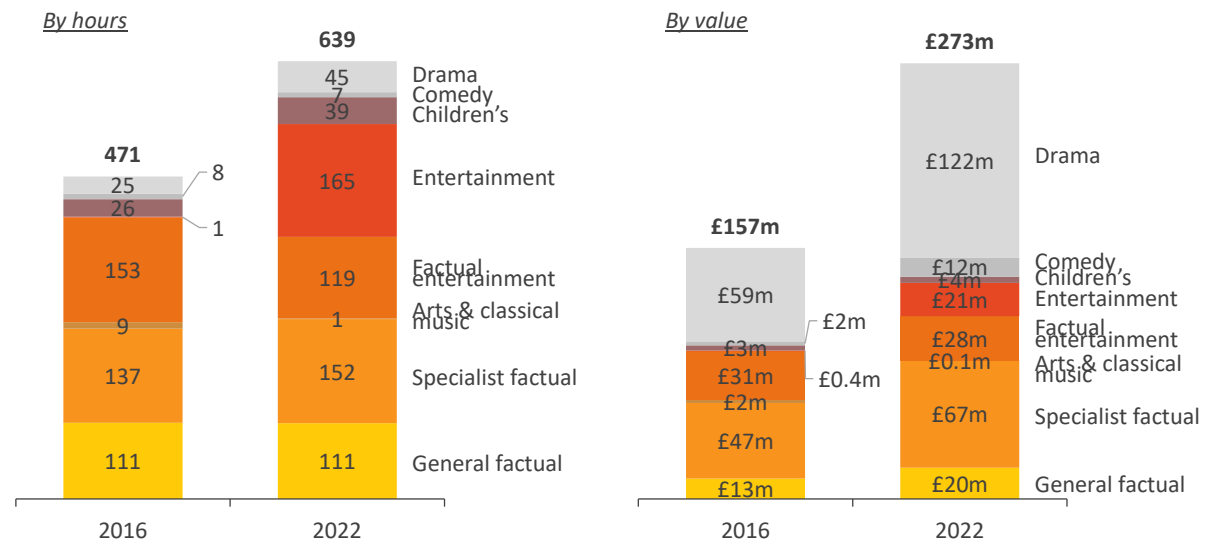
### 3.2.1 Bristol has seen growth in commissioning hours and spend for specialist factual and drama as well as entertainment

The value of TV programming produced in Bristol grew from £157 million to £273 million between 2016 and 2022, with total hours produced increasing from 471 to 639 hours – this reflects an increased cost per hour, which is a result of a rise in HETV drama.

Long established as a natural history powerhouse, specialist factual programming makes up a significant share of programming as seen in **Figure 9** below, growing from 137 to 152 hours between 2016 and 2022, worth £47 million and £67 million respectively. As mentioned, drama is also an important genre. The hours of drama produced in Bristol almost doubled between 2016 and 2022, from 25 to 45 hours, with the value rising from £59 million to £122 million, mostly driven by increased SVOD and multichannel commissioning. Entertainment was the genre that had largest growth in terms of hours, with some high volume PSB formats moving production to the city between 2016 and 2022, including *'Tipping Point'* for ITV.



Figure 9: Genres of TV content made in Bristol, 2016 and 2022, hours and £m



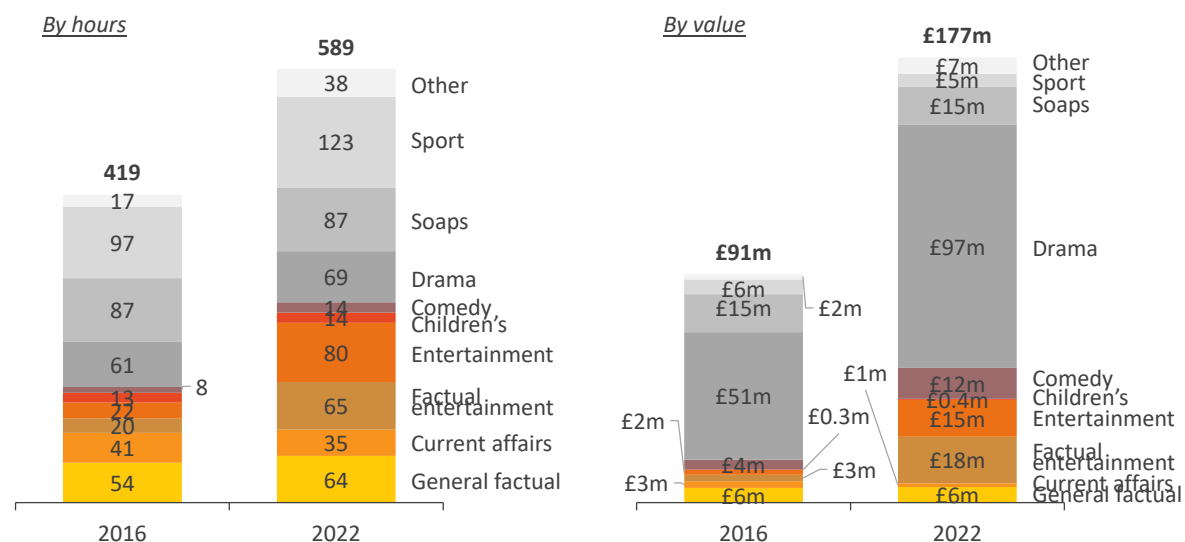
Note: Value refers to all sources of funding, not just primary commissioner spend. Excludes news. Years refer to release dates  
 Source: O&O Producer Database, Oliver & Ohlbaum analysis

### 3.2.2 Commissioning is also up in Cardiff, driven by high-end drama

The value of TV programming produced in Cardiff grew between 2016 and 2022 from £91 million to £177 million, with total hours produced increasing from 419 to 589 hours – the rise in average cost per hour was driven by a shift towards HETV drama.

A significant number of genres are produced in Cardiff, which reflects the genre breadth of BBC Wales and S4C, the Nation-specific PSBs that it serves, with six genres seeing at least 50 hours of programming made, more than in Bristol. In particular, a high volume of sport and soap programming is produced in the cluster, including ‘Scrum V’ and ‘Pobol y Cwm’. Since the move of BBC Drama to Cardiff and key public and private investment into local studio space, drama has been a significant part of the cluster’s production ecosystem. As seen in **Figure 10**, while the volume of drama grew slightly between 2016 and 2022, from 61 to 69 hours, the value has increased significantly – from £51 million to £97 million. This is due to growth in HETV and inwards investment projects, including ‘A Discovery of Witches’, ‘His Dark Materials’ and ‘Willow’ (Lucasfilm). Factual entertainment and entertainment are the genres that grew the most between 2016 and 2022 in terms of hours, from a combined 42 to 145 hours, with a rise in investment from £4 million to £33 million.

Figure 10: Genres of TV content made in Cardiff, 2016 and 2022, hours and £m



Note: Other includes Arts and classical music and Specialist factual. Value refers to all sources of funding, not just primary commissioner spend. Excludes news. Sport includes production costs for live sport coverage, highlights programmes and sport documentaries; it excludes sport rights. Years refer to release dates

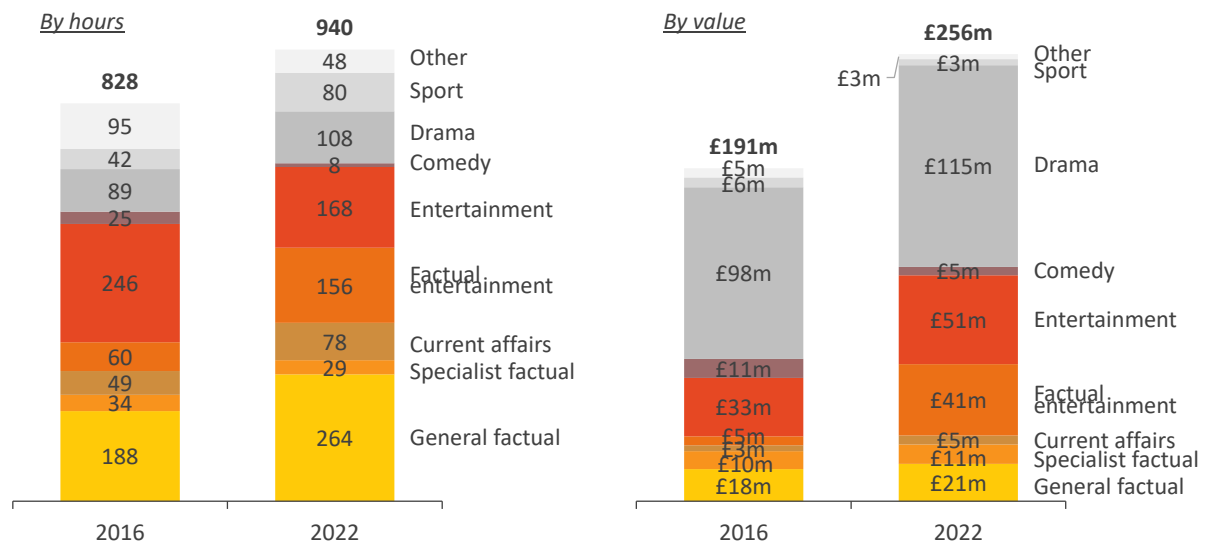
Source: O&O Producer Database, Oliver & Ohlbaum analysis

### 3.2.3 Unscripted programming and drama have supported commissioning growth in Glasgow

The value of TV programming produced in Glasgow grew between 2016 and 2022 from £191 million to £256 million, with total hours increasing from 828 to 940. Average cost per hour has risen but remains lower than Bristol and Cardiff.

Although a diverse range of genres are produced in Glasgow, again as a result of the regional PSB networks, the 'backbone' of commissioning in terms of hours is unscripted (general factual, factual entertainment and entertainment), with a significant share broadcast in daytime. As **Figure 11** shows, total hours produced in these three genres grew from 494 in 2016 to 588 in 2022, with their value growing substantially from £57 million to £113 million due to a shift towards more expensive peak-time PSB entertainment programming, including 'Richard Osman's House of Games' (since moved to Media City UK in Greater Manchester in 2023) and 'The Weakest Link', and a spike in higher value SVOD commissioning in these genres, such as for Prime Video. Network PSB non-peak hours decreased from 54 per cent to 45 per cent over the period (see **Figure 18**).

**Figure 11: Genres of TV content made in Glasgow, 2016 and 2022, hours and £m**



*Note: Other includes Arts and classical music, Religious & ethics, Education and Children’s. Value refers to all sources of funding, not just primary commissioner spend. Excludes news. Sport includes production costs for live sport coverage, highlights programmes and sport documentaries; it excludes sport rights. Years refer to release dates*

*Source: O&O Producer Database, Oliver & Ohlbaum analysis*

Drama is also an important genre and source of diversification for the Glasgow cluster. While it is more modest in terms of hours (rising from 89 in 2016 to 108 in 2022) it accounts for a large share of investment, with value up from £89 million in 2016 to £108 million in 2022 – approaching the share of drama investment in Bristol and Cardiff. While PSB drama makes up the majority of hours produced, a significant share of investment was made by SVOD services and multichannels in both 2016 and 2022, including ‘Outlander’, produced for Starz in Wardpark Studios in Cumbernauld just outside of Glasgow, and more recently ‘Fear’ for Prime Video, due to be released in 2025.

### 3.3 Multichannel/SVOD content investment is fuelling growth, with PSB investment maintaining a solid foundation

We have broken down trends in content spending by commissioner to reveal new figures on the key sources of investment in each cluster, as well as the main drivers of growth.

Overall, content investment across the three clusters increased by 61 per cent, from £439 million in 2016 to £706 million in 2022, an average annual growth rate of 8 per cent. Bristol has the highest content investment of the three clusters, at £273 million in 2022, followed by Glasgow (£256 million) and Cardiff (£177 million). It should be noted that Cardiff saw the most significant increase in content spending between 2016 and 2022, at 95 per cent, compared with 74 per cent in Bristol and 34 per cent in Glasgow.

This growth was fuelled by investment by multichannel and SVOD services - which increased by 111 per cent between 2016 and 2022 across the three clusters, from £122 million to £258 million, an annual increase of 15 per cent. As a result, the share of total content investment contributed by the

**Total multichannel and SVOD content investment reached £258 million in 2022, up 111 per cent on 2016, across Bristol, Cardiff and Glasgow**

multichannel and SVOD commissioners increased substantially from 28 per cent in 2016 to 37 per cent in 2022.

Alongside, a solid PSB presence is providing a firm foundation in terms of stable demand for programming across a range of genres. Across the three clusters, investment by PSBs for their main channels, portfolio channels (e.g. ITV2, E4) and regional offerings (e.g. BBC Wales) increased by 47 per cent from £301 million in 2016 to £442 million in 2022, an average annual growth rate of 7 per cent.

*‘AMC Networks relies heavily on the healthy mixed ecology within the UK market. Everyone’s budgets are stretched and without financial collaboration, we simply wouldn’t be producing the same output of programming. Fewer programmes would mean less choice for our audience and a narrower scope of storytelling’ – Eva Kelly, AMC Networks SVOD*

*‘PSB spend is important and broadly consistent, but is limited by budgets and out of London quotas... any growth is going to have to come from streamers, major studios and independent film’ – A cluster stakeholder*

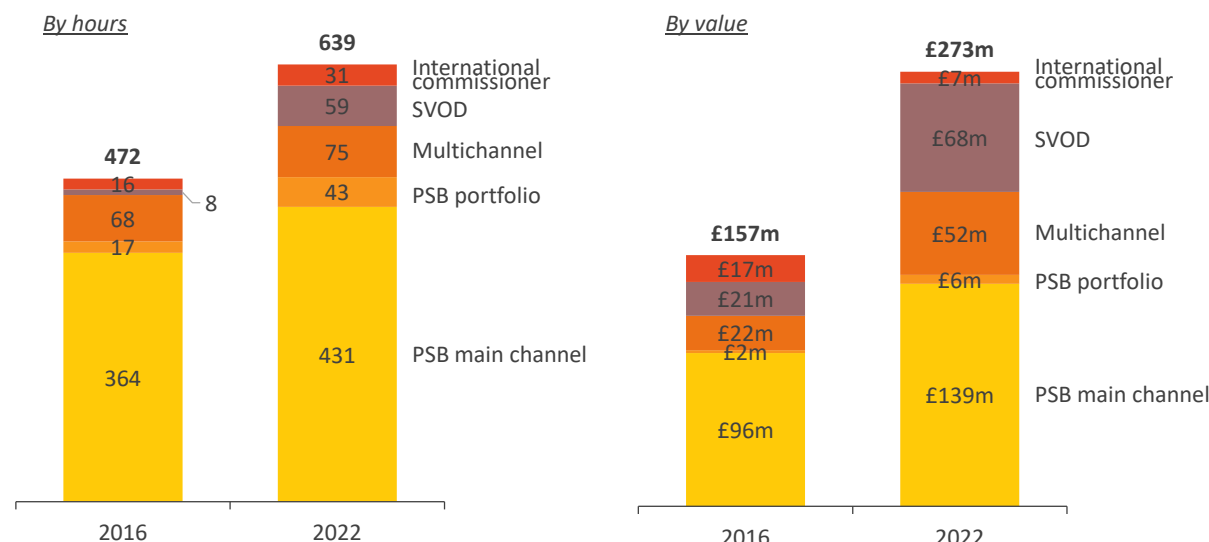
This investment picture shows the importance of a mixed ecology in delivering growth and sustainability. We will now consider the results for each of our focus clusters in turn.

#### **In Bristol, combined SVOD and multichannel investment is substantial, notably in high-end drama**

**Bristol has grown SVOD and multichannel investment to £120 million in 2022, up 179 per cent on 2016**

For Bristol, as seen in **Figure 12**, hours of SVOD commissions grew considerably between 2016 and 2022, from 8 to 59 hours, driven by specialist factual, general factual and scripted programming. In terms of value, this translates to growth from £21 million to £68 million. While multichannel hours grew modestly over the period, their value grew substantially from £22 million to £52 million, mostly driven by a pivot from factual entertainment to more expensive drama programming. It also attracts international commissioners (i.e. commissioning primarily for their own domestic audience), especially in natural history. Alongside these major sources of growth, network PSB commissions increased steadily in terms of hours and value, providing a solid foundation for the cluster.

**Figure 12: Primary commissioners of TV content made in Bristol, 2016 and 2022, hours and £m**



Note: Value refers to all sources of funding, not just primary commissioner spend. Excludes news. Years refer to release dates. Some multichannel commissioning may have moved to SVOD with broadcasters moving commissioning on their linear multichannels to their on-demand SVOD services

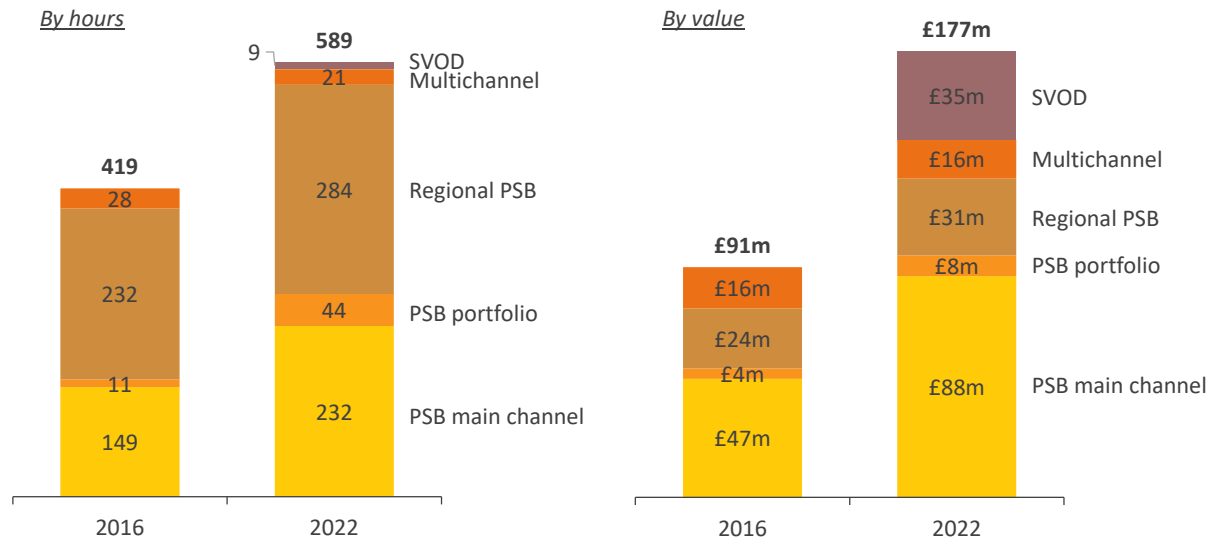
Source: O&O Producer Database, Oliver & Ohlbaum analysis

**In Cardiff, SVOD and multichannel commissions focus on higher value productions in drama and comedy**

**SVOD and multichannel services together invested over £50 million in Cardiff in 2022**

SVOD and multichannel commissioning in Cardiff tends to be lower volume, higher value productions. As **Figure 13** shows, SVOD services invested significantly in drama and comedy production in Cardiff during 2022, with a total production value of £35 million for 9 hours, while investment from multichannel services was stable from 2016 at around £16 million. In terms of hours, regional PSB commissions, for BBC Wales and S4C, make up the majority of programmes produced in Cardiff, closely followed by network PSB commissions. From 2016 to 2022, growth has been seen in all types of PSB commissions in terms of both volume (from 391 to 559 hours) and value (from £75 million to £126 million).

**Figure 13: Primary commissioners of TV content made in Cardiff, 2016 and 2022, hours and £m**



Note: Value refers to all sources of funding, not just primary commissioner spend. Excludes news. Years refer to release dates. Some multichannel commissioning may have moved to SVOD with broadcasters moving commissioning on their linear multichannels to their on-demand SVOD services

Source: O&O Producer Database, Oliver & Ohlbaum analysis

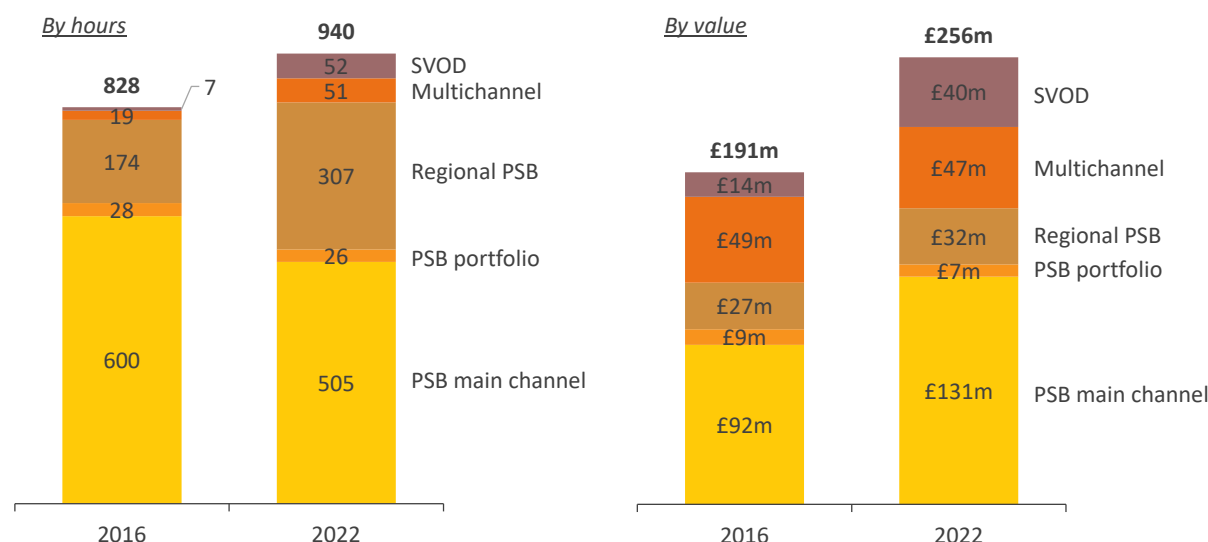
**Glasgow is attracting more SVOD and multichannel commissions, especially in entertainment and factual entertainment**

As seen in **Figure 14**, SVOD and multichannel services increased commissions in the Glasgow cluster substantially, from 26 hours in 2016 to 102 hours in 2022, particularly in entertainment and factual entertainment programming, with their total value growing from £63 million to £86 million. ‘Outlander’ makes a substantial contribution to Glasgow’s multichannel spend in both years.

**SVOD and multichannel investment reached £86 million in Glasgow in 2022, up 38 per cent on 2016**

As with most clusters found in the Nations, a significant segment of commissioning is for Nation-specific PSB channels, including BBC Scotland, BBC Alba and STV. Hours produced for Regional PSBs surged with the launch of a full BBC Scotland channel in 2019; hours grew from 174 to 307 between 2016 and 2022, with respective values of £27 million and £32 million. PSB Network commissions make up the majority of programming by hours, though their volume declined over the period from 600 to 505 hours. There was a pivot however to more expensive genres and from daytime to peak, with total value growing from £92 million to £131 million.

**Figure 14: Primary commissioners of TV content made in Glasgow, 2016 and 2022, hours and £m**



Note: Value refers to all sources of funding, not just primary commissioner spend. Excludes news. Years refer to release dates. Some multichannel commissioning may have moved to SVOD with broadcasters moving commissioning on their linear multichannels to their on-demand SVOD services

Source: O&O Producer Database, Oliver & Ohlbaum analysis

### Multichannel and SVOD services also invest as co-commissioners with UK PSBs

In the data presented throughout this section, “value” refers to the total cost of production, not just primary commissioner spend. This is because the primary commissioner spend is not the only source of production finance; producers are increasingly reliant on third-party sources of funding to meet the rising cost of production and close the production budget. These may include tax credits, contributions from co-commissioners such as multi-channel broadcasters and SVOD services, pre-sales to broadcasters and SVOD services for secondary windows in the UK and for distribution in international territories, bank loans, and grants. For example, the co-commissioner contribution to UK PSB drama has grown gradually, as has its share, reaching 16 per cent of total funding in 2022. See the **appendix in section 6.2** for more information.

## 3.4 Clusters are producing more peak-time shows, but benefit from having a mix of commissions across the day

For linear channels, the time of day that programming is first broadcast is a proxy for its production cost, since content with the highest average cost per hour tends to be broadcast during peak-time (18:00 – 22:30). We have seen from our analysis that sustainable production clusters benefit from a balance between high value production for peak-time and lower cost off-peak programming. Given that off-peak productions are generally lower cost per hour, commissioners tend to see them as lower risk, providing opportunities for smaller, newer independents to win work and gain experience, meaning that they can grow and take on more valuable projects over time, an essential feature of a sustainable TV and film cluster. We provide quantitative analysis focusing on PSB Network commissioning in the **appendix**.

## 3.5 Growth in returning series is also supporting the sustainability of the clusters

In a similar vein to peak-time programmes, new commissions represent a greater risk to the commissioner making the investment. A balance is important; a significant volume of returning programme hours provides stability for the cluster and something to aspire to for those generating new programme ideas, while some

spending on new programming is important to incentivise and enable innovation and new entrants (in terms of companies and ideas). We found that the commissioning share of returning series by PSB Network channels grew in both Bristol and Cardiff but declined in Glasgow, linked to a reduction in daytime commissioning of factual, factual entertainment and entertainment strands. Further quantitative analysis is provided in the **appendix**. Meanwhile, some major multichannel and SVOD HETV drama commissions or co-productions have become returning series, including *'His Dark Materials'* in Cardiff (3 seasons), *'Outlander'* in Glasgow (8 seasons) and *'The Outlaws'* (3 seasons) and *'Alex Rider'* (3 seasons) in Bristol.



# Factors for sustainable cluster growth

## 4 Factors for sustainable cluster growth

In addition to our quantitative analysis of commissioning and production in the previous parts, we have carried out an industry survey and an interview programme to identify factors for sustainable cluster growth. This captured input from leaders from across the TV and film value chains in our focus clusters of Bristol, Cardiff and Glasgow. In this part we draw together our findings, taking into account our market data analysis and literature review.

### 4.1 Experienced crew and a creative reputation are essential for a successful cluster

This section focuses on the results of our industry survey. This was carried out in each of our focus clusters. By segment, most responses were from production companies (73) – which is to be expected as this is the segment with the highest number of active companies. We also collected responses from relevant screen bodies (4), screen infrastructure operators (9), commissioners (9), distributors and post-production services (7).

We tested a total of 23 factors when asking respondents about ‘success’ in their cluster, in terms of economic activity – i.e. commissions and production, driving growth and employment. We also asked survey respondents about future considerations for their cluster, including factors for continued sustainability and growth, and any potential future threats.

Each factor was rated out of ten; where respondents didn’t select a particular factor, we assigned a zero rating – this means that the average ratings of all factors appear relatively low, but it is their relative scores which are important.

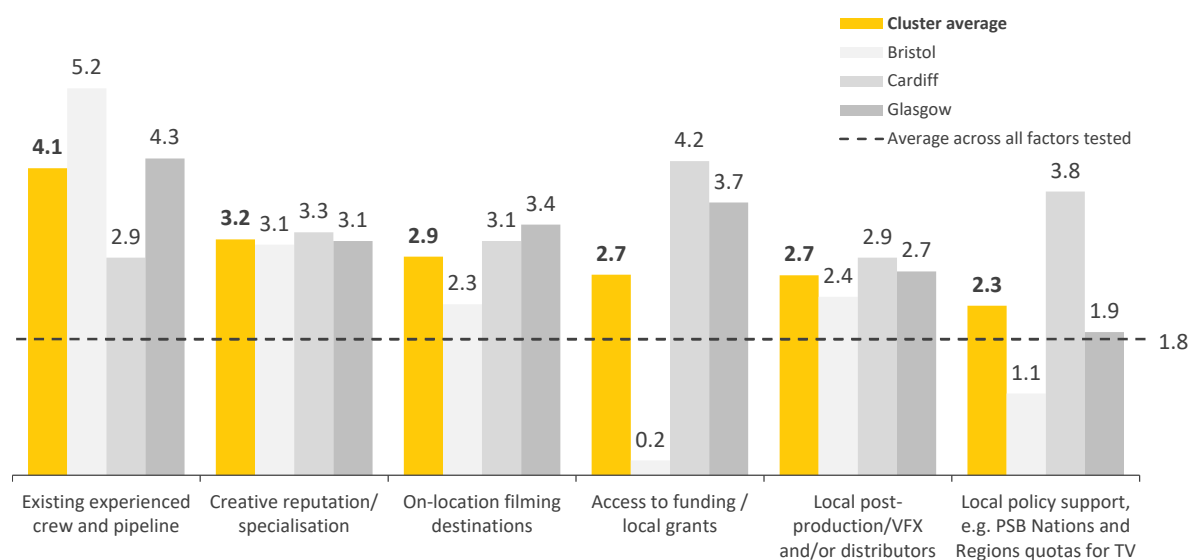
As shown in **Figure 15**, when asking stakeholders which factors are important to their cluster’s current success, the factors which were rated highly across all clusters were:

- *existing experienced crew and pipeline*
- *creative reputation*
- *on-location filming destinations*

The factor *existing experienced crew and pipeline* had the highest average rating at 4.3. It was overwhelmingly the highest rated factor in Bristol at 5.2 and Glasgow at 4.3, however it was rated lower in Cardiff at 2.9.

The factor *creative reputation* had the second highest average rating at 3.2 and had the most consensus in its rating across the three clusters, with both Bristol and Glasgow rating it at 3.1, and Cardiff rating it slightly higher at 3.3.

**Figure 15: Top 6 ranked factors contributing to cluster success, as opposed to other cities, Average score, 0-10**



Interestingly, for the clusters in the Nations (Cardiff and Glasgow) factors relating to local policy support were rated as particularly important. *Access to funding and local grants* was rated 3.7 in Glasgow and was the highest rated factor in Cardiff at 4.2, while *local policy support* also received higher ratings from Cardiff and Glasgow – 3.7 and 1.9 respectively. Bristol City Council and the Bristol Film Office have been active in supporting the growth in high-end drama production and studio space in the city, in addition to there being a solid base of PSB commissioning. This differential may therefore suggest that there is more limited or less accessible localised support mechanisms in Bristol, and by extension across other regional clusters in England, when compared to clusters in the Nations, which benefit from a greater degree of devolved powers and funding.

### Major commissioner investment was also highlighted as important

If we only consider factors that respondents selected as relevant to a successful cluster (i.e. removing unselected factors/ zeros from the averages), *major US investment in the city* by multichannel services or SVOD was selected by respondents in Cardiff and Glasgow, scoring 8.9 on average. This likely reflects the fact that a select number of respondents have benefited from these lower volume but high value commissions. On this basis, *major PSB investment in the city* was also ranked highly across the three clusters, averaging 8.2. It can be debated whether commissioner investment is a factor for success or a successful outcome if the right factors are in place. However, given that TV and film clusters are dynamic ecosystems, with one type of investment attracting and spurring further types of investment, commissioner investment plays a vital role in continued sustainability and growth.

### Similar factors were also considered important for the future success of the clusters

Along with the *retention of experienced crew* (5.9), an *increase in UK-wide policy support, e.g. production quotas or tax credits* (5.4), and an *increase in local grants/funding* (5.3) were seen as important. An *increase in UK-wide*

*policy support* was the highest rated factor for future success in Cardiff, while an *increase in local funding* was the joint highest rated future success factor in Glasgow (along with retaining experienced crew).

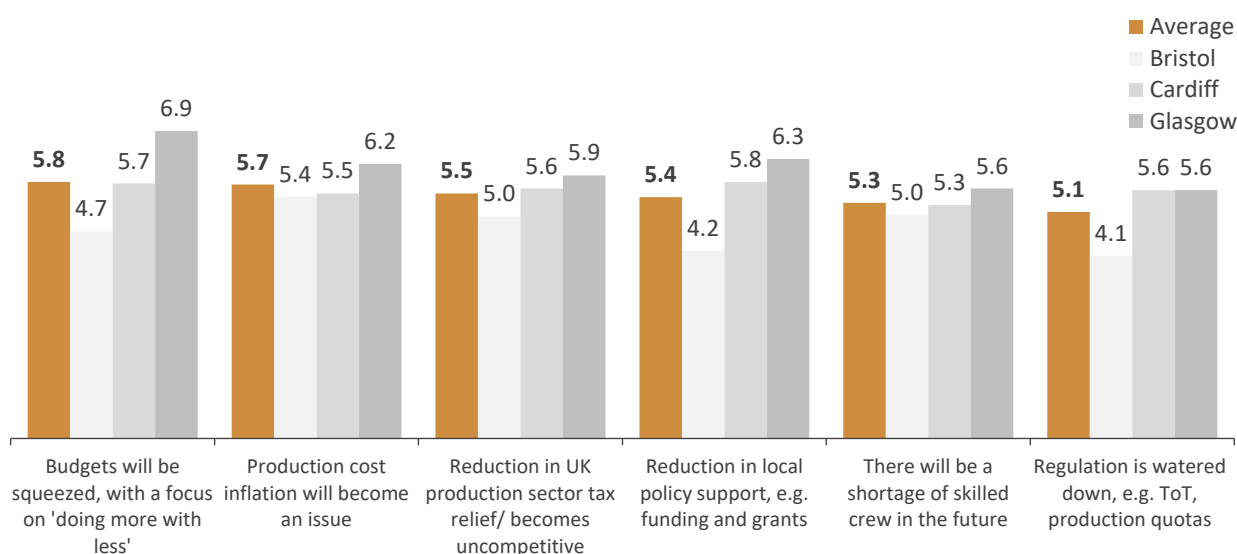
Equally, stakeholders highlighted the future importance of *more streaming, international or multichannel commissioning in this city* (5.3) and a solid base from *more PSB commissioning in this city* (5.1). As above, commissioner investment could be seen as a factor for success or as a successful outcome of getting the right factors in place, but it nonetheless remains vital to the sustainability and growth of TV and film clusters.

## 4.2 Stakeholders feel budget cuts and cost inflation are the greatest threats

We asked survey respondents to look ahead and identify potential threats to growth for their clusters. The greatest threats identified by respondents are shown in **Figure 16** below. *Squeezed production budgets, with a focus on 'doing more with less'* and *cost inflation* were the areas of highest concern, rated 5.8 and 5.7 respectively on average. These were both particularly highly rated in Glasgow, at 6.9 and 6.2 respectively. Interestingly, *cost inflation* had considerable consensus in its rating across the three clusters, at 5.4 in Bristol, 5.5 in Cardiff and 6.2 in Glasgow. This suggests that this is an issue across the UK, which could impact all clusters.

Other areas of concern where there was consensus across the clusters included any potential *reduction in competitiveness of tax reliefs*, and a *skills shortage*. This suggests that these are also universal threats across the country that may require a coordinated approach.

**Figure 16: Top 6 ranked threats to the sustainability of production in each cluster, Average score, 0-10**



Notes: Averages include implied zeros (those that didn't select a factor as important)

Source: SurveyMonkey (n=102), Oliver & Ohlbaum analysis

In Cardiff and Glasgow, following on from the findings in **Section 4.1** above, there was a focus on local policy support, with any *reduction in local grants/funding* identified as the highest rated threat in Cardiff at 5.8 and the second highest rated threat in Glasgow at 6.3.

## 4.3 We identified seven factors that contribute to cluster sustainability and growth

In this section we will draw on the industry survey results as well as the results of our interview programme, market data analysis and literature review. We have identified major factors to help the UK seize the opportunity to strengthen sustainability and grow its TV and film clusters, while managing the threats. We will now explore the main factors in turn.

#### 4.3.1 A mixed ecology of buyers and sellers supports sustainability and growth

A mixed ecology of commissioning is vital for a thriving TV and film cluster. Steady investment from PSBs (including for Network) provides a crucial foundation for the cluster. Interviewees then stressed that additional growth has to come from commercial and international investment, including broadcast or VOD partners and/or distributors. This supports cross pollination of ideas, talent and crew, and fuels critical mass and economies of scale. Some highlighted that international commissioners had been particularly important in recent years when budgets had been more constrained for domestic, ad-funded commissioners, supporting cluster resilience.

*'PSB spend is important and broadly consistent, but is limited by budgets and out of London quotas... any growth is going to have to come from streamers, major studios and independent film' – A cluster stakeholder*

*'I think one of the big things is we can't do this alone. I think you need that critical mass ... and you need all the players, whether that's all the PSBs, or actually the streamers and that international investment. I think a mixed ecology, and everybody playing their part is really important' – A cluster stakeholder*

*'AMC Networks relies heavily on the healthy mixed ecology within the UK market. Everyone's budgets are stretched and without financial collaboration, we simply wouldn't be producing the same output of programming. Fewer programmes would mean less choice for our audience and a narrower scope of storytelling' – Eva Kelly, AMC Networks SVOD*

#### 4.3.2 Attracting and retaining creative leadership, talent and experienced crew is vital

As seen in **Section 4.1** above, at the heart of a healthy and sustainable cluster ecosystem is the presence of experienced crew. It is widely acknowledged that crews across the UK are world-class, and many are particularly skilled and specialised in certain genres or types of content, such as Natural History in Bristol. Interviewees from commissioners highlighted that the existence of trained crews in clusters gave confidence to go ahead with filming, and to return to that cluster. However, interviewees also highlighted the importance of opportunities and support for retaining and developing transferable skills, noting limitations in the current Apprenticeship Levy scheme. They also highlighted that for certain formats, such as unscripted, crews were being lost to other industries, and local screen bodies were therefore considering novel ways to address crew retention in their cluster.

*'...we really feel we are working at top of class. So whether it's your series producer or your writers, your editors, your production managers, you know, across the board the talent of the teams that get pulled together out of that Bristol market because of Bristol's history... I know I have a team that I have that level of faith [in]' – A cluster stakeholder*

*'[We would like] more training to take place where transferable skills are used so that unscripted crews can work on scripted [content] ... We're losing so many unscripted crew to other industries now, because they've just been out of work for such a long time, and can't cope with the uncertainty' – Laura Aviles, Head of Film, Bottle Yard Studios*

*'The apprenticeship schemes and apprenticeship policy within [the previous] government – I think it's too rigid. There is not enough thought around use of levy, and how that might be used on informal training ...' – A cluster stakeholder*

### 4.3.3 Genre specialisation should be supported by a healthy mix of other genres

There are two interwoven trends present across the clusters in terms of genre coverage. On the one hand, having a specialism or reputation in a specific genre is credited for spurring growth and putting a cluster 'on the map', attracting new investment from SVOD services and multichannel broadcasters, and building a world-leading talent base in that specific genre. The main specialism associated with our three clusters are natural history in Bristol, drama in Cardiff and factual and unscripted programming in Glasgow. This has driven significant commissioning growth in hours and value between 2016 and 2022.

*'Clusters in places like Bristol, Cardiff, Glasgow now have a reputation...are now centres of excellence and have a specialism that is not just famous within the UK, but travels beyond that' – A cluster stakeholder*

At the same time, many interviewees emphasised the importance of maintaining a mix of genres, or using the experience and infrastructure involved in developing a cluster specialism to increase genre diversity in a cluster. Interviewees felt this allows producers to attract a breadth of UK PSB commissions, for PSB Network and Regional channels. Genre diversity also provides a foundation in terms of production hours, and opportunities for smaller independents to attract commissions. Clusters can build on this in order to fuel growth by attracting SVOD and multichannel commissioning. For example, there has been a conscious effort to expand HETV drama in Bristol following BBC Drama's move to Cardiff, to increase diversification, growth and sustainability.

*'Being multi genre has definitely been a key strength because while the boom [in production] hasn't disappeared, there has been a levelling off... But we filled those gaps because we've developed adjacent areas like adventure and what we call wildlife plus, notably a reality show called "Sharks! Celebrity Infested Waters" which we've sold to ITV and buyers around the world' – Grant Mansfield, Founder and CEO, Plimsoll Productions.*

*'...to boost drama was a triple whammy, really increasing skills, increasing inward investment and growing Bristol's profile' – Laura Aviles, Head of Film, Bottle Yard Studios*

### 4.3.4 Filming locations and infrastructure help to attract producers for the long term

Interviewees stressed the importance of infrastructure in attracting and retaining commissions in their clusters. Clusters can offer a variety of incredible and unique on-location filming destinations, from urban to rural settings, and it is important that these be maintained and made accessible for crews. However, interviewees also stressed that adequate studio space was essential for enabling the industry in a cluster to scale and retain larger-scale productions – this enables productions to stay in a cluster for a longer period of time and provides a base to build crew skills.

*'[The existence of] permanent studio space is really important, and really helps drive the long term sustainability of industry rather than [a cluster] just being reliant on being used for location work' – A cluster stakeholder*

Some interviewees also highlighted the need for wider infrastructure investment and development, particularly in transport such as roads and trains as mobility and accessibility are key for the logistics of attracting a commission. Further investment into broadband would support content production, in particular post-

production and VFX in clusters. This also spoke to the need to coordinate a creative industries industrial strategy with strategies for other sectors and pan-economy initiatives.

*'A decent, reliable rail system across the UK would be fantastic, ... the need for mobility is really important to allow creative clusters to flourish across the whole country' – A cluster stakeholder*

#### 4.3.5 Local policy support can be instrumental in aiding cluster development

Interviewees from producers and agencies/screen bodies were particularly keen to stress the role that local policy support had played in the development of their cluster and called for some of these mechanisms to be strengthened. There were calls to keep performance against PSB regional quotas under review, possibly with the option for future enhancement. Agency support in Wales and Scotland was highlighted as particularly robust and effective because it is 'strategically aligned' with industry players such as commissioners and producers and the agencies communicate clear and coherent strategies to local and national stakeholders. However, it was noted that in the English regions, local agency stakeholders lack comparable resources and powers. Some interviewees from the production sector suggested that local agencies could make parts of their processes more market-oriented to support quicker decision-making and spur further growth.

*'The screen agencies [are] strategically aligned...Screen Scotland launched a big strategy a couple of months ago. It's laid out. It's really clear... so we find these moments where we can intersect' – A cluster stakeholder*

#### 4.3.6 And there is an opportunity to maintain or strengthen UK-wide policy support

Interviewees praised actions that had been taken at the cluster level by local authorities, agencies and private companies to support and grow clusters, but also stressed the role of national UK-wide policy in supporting clusters' development. Maintaining attractive tax credits was considered vital, with enthusiasm for the uplift for UK independent film announced earlier in 2024. Retaining Terms of Trade with PSBs was also highlighted by several interviewees, and several interviewees raised concerns around skills and the need for existing schemes to be enhanced.

*'Our producers are wholly reliant on the tax credit and two Acorn TV series currently in development are liaising with Screen Yorkshire. ... it is critical that the UK tax relief not only remains in place but remains competitive' – Eva Kelly, AMC Networks SVOD*

#### 4.3.7 Ancillary services help ensure that a cluster delivers against all production needs

While our survey ranked *local post-production/VFX and/or distributors* the 5<sup>th</sup> most important factor needed for a sustainable cluster, interviewees picked up the importance of having ancillary services, and specialist providers in-particular, enabling the full suite of production requirements to be met in-cluster, helping to contribute to sustainability.

*'The provision of high quality post-production in Bristol is also important, and keeps us coming back... in other places we've tried it's just not as sophisticated' – A cluster stakeholder*

*'... having that ecosystem and trying to build that media village model, I think, is really important' – Laura Aviles, Head of Film, Bottle Yard Studios*

# Conclusions and recommendations



## 5 Conclusions and recommendations

Having assessed market trends in commissioning and production and reviewed factors for current and future cluster sustainability and growth, in this part we draw conclusions about the ‘recipe’ to support cluster success and guard against the identified risks.

Despite the headline successes of the UK AV sector, the ecosystem is complex and finely balanced, and future growth and sustainability are not guaranteed. The recent downturn has exposed some stresses, and support could be strengthened to ensure we make the most of the potential across the UK, increase sustainability and seize growth opportunities. We have elaborated, below, on the policy recommendations that follow from our work. These relate to the overall approach to supporting TV and film clusters in the Nations & Regions and provide pointers for individual clusters looking to develop.

### 5.1 Maintaining a mixed commissioning and production ecology is crucial

A consistent feature across each of the clusters studied is the diversity of company types and sizes along the value chain. Each cluster has a genuine range of investors and commissioners with a mixture of funding sources, including public funding for the BBC and commercial UK and global investors with businesses funded by linear and online advertising, subscription and B2B licensing. This mixture of active commissioners is essential for overall resilience, considering potential future pressures in the sector or the wider economy.

In terms of production companies, each cluster also features a mixed ecology, with variety in size, ownership and specialism. In-house studios, NQI production groups, and QIs of different sizes, ranging from the largest ‘super indies’ to those which might make a few hours each year, were all present in our focus clusters. Each segment of this mixed ecology plays its role and is important for the sustainability of the cluster by supporting investment, innovation and the process of creative renewal that sustains the sector. Large or high-profile commissioners and producers often help to put clusters on the map, establishing them as locations for further investment.

#### RECOMMENDATIONS TO SUPPORT A MIXED TV AND FILM CLUSTER ECOLOGY

1. Opportunities to support this mixed ecology should be explored, including through a new industrial strategy for the creative industries, funding reviews, implementation of the Media Act 2024, Ofcom’s PSB Review, the BBC Charter renewal and funding agreement.
2. Considering the fragility of the UK audiovisual sector, and in particular the continued risks of cost inflation and downward pressures on commissioning budgets, it is crucial to preserve the tools that have proven successful thus far. Competitive film and television tax reliefs are key to attracting the largest inwards investment projects, as well as to supporting domestic HETV and UK independent film.
3. Other measures that should be maintained to support the current ecosystem include:
  - The PSB Terms of Trade, to unlock producer entrepreneurialism and give producers access to secondary revenues to increase revenue stability and enable reinvestment.
  - PSB production quotas for independent programming to safeguard PSB investment in the independent sector.
  - PSB Nations & Regions quotas to help distribute content investment beyond London and the South-East and into the rest of the UK, bringing economic, social and cultural benefits.
  - The Regional PSB services to serve local audiences and anchor investment and opportunities in the Nations.

## 5.2 A new ambitious industrial strategy can drive further sustainability and growth across the TV and film clusters

It is likely an optimum size of TV and film cluster exists to secure the required economies of scale and network effects to make the cluster self-sustaining over time, meaning that there may also be an optimum number of major clusters across the UK.

Developing an industrial strategy around clusters means measuring and carefully balancing considerations around localised growth, increased economic output and jobs as compared to maximising the total economic output and number of jobs at UK level (which could encourage further concentration around London and the South East). It also means carefully balancing economic benefits with social and cultural benefits, including reflecting diverse perspectives from across the UK in terms of the issues raised, stories told, and the on- and off-screen talent that we develop and showcase.

It follows that a new industrial strategy should be informed by a strong, shared evidence base. A comprehensive and coherent UK-wide view will help to ensure all objectives and measures (whether public, industry or in partnership) are targeted, efficient and coordinated. It appeared in our research that Nations screen agencies are in a position to develop clearer strategies and have more dedicated resources than the English regions. In addition, local authority funding in England is under pressure.

In the July 2024 King's Speech, the Government announced an Industrial Strategy Council. It has also announced the creation of a new National Wealth Fund to unlock investment in growing industries. Both could provide opportunities to establish cluster support.

### RECOMMENDATIONS FOR A NEW INDUSTRIAL STRATEGY

1. It is important to examine and learn from the experiences of Nations screen agencies as compared to the English regions, with the overall aim of developing a coherent strategy that supports coordination and resilience across the UK. This should include consideration of the appropriate powers and resources at the local level, particularly in the English regions.
2. The industrial strategy should arm public and private actors across the UK with a shared evidence base so that the strategy, its detailed implementation, screen agency strategies and future investment decisions are well-founded and complementary.
3. Any public policy interventions should be market-oriented and efficient, for example ensuring application and funding procedures are simplified where possible, and that support is granted in a timely manner – while ensuring appropriate use of public funds and value for money.

## 5.3 Securing talent and developing skills schemes will ensure sustainability

This is of particular importance as skill shortages contribute to cost inflation in the sector and stymie growth.

### 5.3.1 Reforming the Apprenticeship Levy

There is widespread support for apprenticeships in the screen sector and there have been calls from industry to reform the Apprenticeship Levy for some time so that it is fit for purpose. ScreenSkills published its *'Apprenticeship Pilots Summary Findings'* report in 2023, which called for an overhaul of the Apprenticeship Levy and how schemes are designed in England following an assessment of two pilot schemes. Also in 2023, the BFI awarded funding over three years to six BFI Skills Clusters across the UK, supporting collaboration across local agencies, industry and education and training providers in identifying skills shortages and coordinating training.

A new body, Skills England, was announced in the King's Speech in July 2024. Skills England will inherit functions from the Institute for Apprenticeships and Technical Education and have the aim to bring together businesses, providers, unions, mayoral combined authorities (MCAs) and national government to ensure a highly trained workforce. It was also announced in the King's Speech that the government will reform the Apprenticeship Levy, replacing it with a Growth and Skills Levy in England. Skills England will be tasked with identifying non-levy training eligible for funding and is due to consult this later this year.

#### RECOMMENDATIONS FOR APPRENTICESHIP LEVY REFORM

1. Make the apprenticeship model more flexible and open to informal, non-apprenticeship training.
2. Ensure apprenticeship standards are tailored to specific roles in the sector and that opportunities are identified to develop specialist pathways within existing apprenticeships
3. Remove the fixed minimum-length requirements of apprenticeship standards, so they can be better aligned to the duration of training required for the job – one option would be making the structure of the apprenticeship more modular. This is especially important for industries that are project-driven, like TV and film production.
4. The model of devolved funding and local delivery used by the BFI Skills Clusters programme could be built upon. Coordinated delivery is important to ensure efficiency and so that programmes can scale.

### 5.3.2 Creative leaders and ambassadors

A range of professionals, from writers and showrunners to business leaders, producers and creative leaders, often with local connections, can help define a cluster's identity and reputation and kick-start further interest and investment.

#### RECOMMENDATIONS FOR SUPPORTING CREATIVE LEADERSHIP

Local agencies could work to identify key local creative talent, or ambassadors, and seek ways to weave them into the area's wider strategic vision and to encourage them to leverage their networks for the benefit of the cluster. Supporting these regional ambassadors to promote their cluster could help attract more interest from commissioners and other investors, and encourage crew to stay in, or return to, the cluster.

### 5.3.3 Maintaining the competitiveness of the Audio-Visual Expenditure Credit

Tax relief for HETV and film has been vital to the growth seen in UK content investment across the UK, both by domestic commissioners and inward investors. It supports the overall attractiveness and competitiveness of the UK and its Nations & Regions, with knock-on benefits for jobs, retaining highly skilled talent and crew, and infrastructure investment in studios. It is therefore a priority to maintain the competitiveness of the existing reliefs.

Separately, it is worth considering how to best support creative R&D. Potential routes to do so through the tax system include expanding the TV and film expenditure credit definitions to include creative R&D as an eligible cost and ensuring that any cross-economy R&D tax relief schemes are accessible to and designed appropriately for the creative industries. This may include lower minimum spend amounts, shorter project timescales, upfront payments and a streamlined application process.

Stakeholders also said that they would welcome a successor to the Creative Industries Clusters Programme to increase understanding of and engagement with R&D in the sector through grants and expert support. The

Creative Industries Clusters Programme (2018-23) created nine Research, Development and Innovation (RD&I) clusters across the UK and was the first time the creative industries had been included in a significant RD&I programme. For example, the Clwstwr programme in South Wales funded 188 screen and news projects and provided access to specialist resources and expertise. It was found to change perceptions of what R&D can be and help embed an innovation culture, with average annual R&D spending for Clwstwr-funded businesses more than doubling over the period.<sup>39</sup> Creative Wales told us that the programme delivered a range of projects *‘around equality and diversity, new platform development technology development ... and new content formats in TV’* and was *‘really beneficial’*.

#### **RECOMMENDATIONS FOR EXPENDITURE CREDITS IN THE SCREEN SECTOR**

1. Maintain the competitiveness of the Audio-Visual Expenditure Credit (AVEC).
2. Consider expanding the AVEC definitions to include creative R&D as an eligible cost.
3. Ensure that any cross-economy R&D schemes are accessible and designed appropriately for the creative industries.
4. Consider a successor to the Creative Industries Clusters Programme to support smaller TV and film businesses in understanding and engaging with R&D and increasing their investment with confidence.

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<sup>39</sup> [Clwstwr, A model for research, development and innovation in the creative industries, 2023](#)

# Appendix

## 6 Appendix

### 6.1 Estimation of economic impact methodology

Our GVA estimates were produced by analysing ONS data, using a top-down approach rather than a full bottom-up Economic Impact Assessment. ONS currently publish GVA data for the AV sector SIC 59-60 code (Motion picture, video and television programme production, programming and broadcasting activities, sound recording and music publishing activities) by International Territorial Level 2 (ITL 2) macro-region, whereas clusters are best described at the more detailed ITL 3 layer of granularity. ITL 3 GVA data for SIC 59-60 is only published aggregated with SIC 58 (which also includes economic activity associated with publishing of books, newspapers and video games). As such for each cluster, we took the ratio of the published GVA for SIC 59-60 and SIC 58-60 for its corresponding ITL 2 region and applied the ratio to its published SIC 58-60 GVA to estimate each cluster's GVA for the AV sector.

SIC 60 will include broadcasting activities as well as production, but we chose not to exclude it from our estimates because we believe that broadcasting activities will represent a low share of the total GVA in these clusters compared to production, and also because having this extra layer of industry granularity might require additional assumptions to be made that would be harder to justify. These effects only cover the direct impact, and so to calculate the indirect and induced impacts, we produced GVA multipliers based on those published by ONS and the Scottish Government.

We took the number of FTE per £1m of GVA for SIC 59-60 across the UK and multiplied this ratio by the GVA estimated for each cluster to give the estimated direct FTEs. We also produced FTE multipliers based on those published by ONS and the Scottish Government in order to estimate total FTEs.

### 6.2 The role of third-party finance in content investment

Primary commissioner spend is not the only source of production finance. Producers are increasingly reliant on third-party sources of funding to meet the rising cost of production and to close production budgets. A typical PSB production will include multiple sources of third-party funding including tax credits, grants, pre-sales, bank loans, as well as contributions from co-commissioners, either UK-based or international, the level of which varies by genre.

The most expensive genres, including HETV drama and natural history, will often have the highest share of third-party finance, and incidentally often have the greatest appeal for international distributors, helping to attract significant pre-sales. In addition to this, with the shift towards higher cost per hour productions, even within genres, broadcasters and in particular the UK PSBs, are increasingly seeking partners on 'tentpole' productions. From a recent Oliver & Ohlbaum report for Ofcom, producers reported that PSB drama is the genre with the greatest share of third-party financing of the genres tested, with 39 per cent of the total production cost being funded by the PSB.<sup>40</sup>

In order to estimate co-commissioner spending on original PSB drama, we have combined published data on third-party contributions to UK PSB drama production, from Ofcom's Media Nations report, along with funding model data from the Ofcom report mentioned above. We used the *O&O Producer Database* to identify the

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<sup>40</sup> Oliver & Ohlbaum report commissioned by Ofcom, *Understanding the UK's TV Production sector, 2023*

proportion of first run original PSB drama receiving co-commissioner finance, before estimating the level of co-commissioner contribution within the total third-party share.

### We estimate co-commissioners contributed £132 million to UK PSB Network drama production in 2022

Co-commissioners, including UK and international multichannels, SVODs and other global players, are making a significant investment in UK PSB productions. As the total cost of a PSB drama production has risen since 2018, the co-commissioner contribution has also grown gradually, from £78 million to £132 million in 2022, as has its share, reaching 16 per cent of total funding in 2022 (see **Figure 17**).

**Figure 17: Estimated funding of UK PSB Network drama production, by contributor, 2018-2022**

<i>Spend</i>	2018	2019	2020	2021	2022	
<b>Total cost of UK PSB drama production</b>	<b>£581m</b>	<b>£668m</b>	<b>£604m</b>	<b>£589m</b>	<b>£809m</b>	<i>Ofcom</i>
of which contributed by UK PSBs	£261m	£291m	£248m	£231m	£339m	<i>Ofcom</i>
of which from 3 <sup>rd</sup> party sources	£320m	£377m	£357m	£357m	£469m	<i>Ofcom*</i>
↳ of which from co-commissioners	£78m	£81m	£86m	£82m	£132m	<i>Estimated</i>

<i>Share</i>	2018	2019	2020	2021	2022	
UK PSB contribution	45%	44%	41%	39%	42%	<i>Ofcom</i>
From 3 <sup>rd</sup> party sources	55%	56%	59%	61%	58%	<i>Ofcom*</i>
↳ of which from co-commissioners	13%	12%	14%	14%	16%	<i>Estimated</i>

*Notes: \*Ofcom only published 3<sup>rd</sup> party spend at a genre level for 2018, 2020 and 2022. Estimated for drama for 2019 and 2021 by interpolating drama share of total 3<sup>rd</sup> party spend from available years and applying to total 3<sup>rd</sup> party spend from 2019 and 2021. Totals may not sum due to rounding*

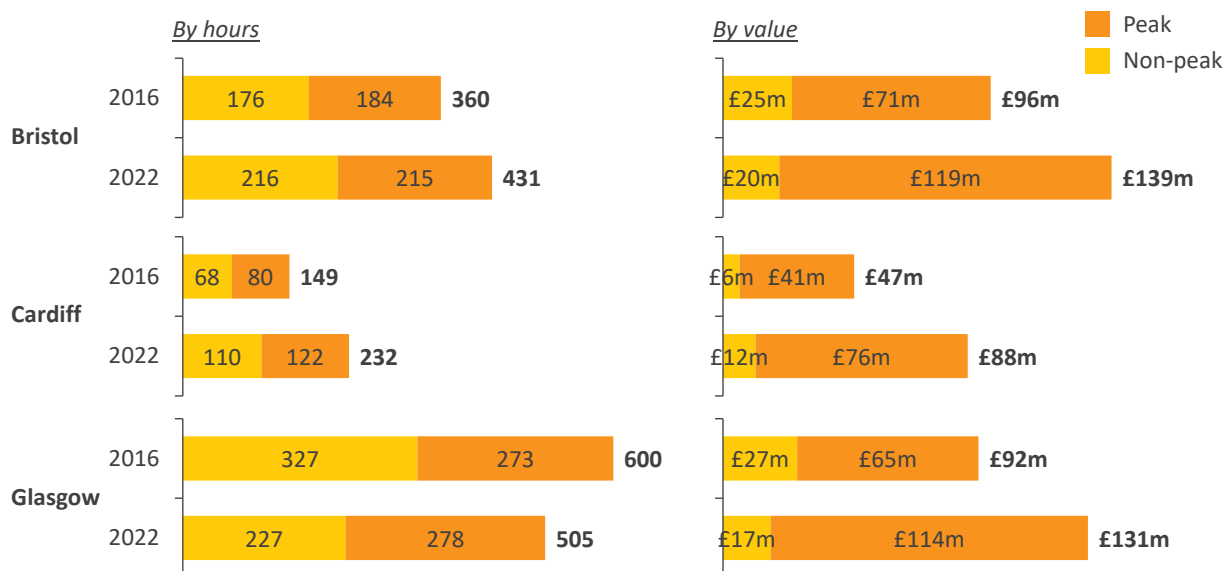
## 6.3 The role of PSB Network commissioning in peak and off-peak

We looked at a sample of programmes from PSB Network commissioning (see **Figure 188**).

- PSB Network hours made in **Bristol** are evenly split between peak and off-peak broadcast. As a result, given that they're generally higher value per hour, programmes broadcast during peak make up the vast majority of the total value in both years studied.
- It is also clear that PSB Network hours made in **Cardiff** are relatively evenly distributed between peak and non-peak broadcast, and again, with a much higher average cost per hour, spend is substantially skewed towards production for peak-time broadcast.
- In **Glasgow**, the situation is different. It is typically known for its high volume of PSB Network production for day-time broadcast. Indeed, in 2016, non-peak programming made up a greater share of total hours than peak. Since then, however, non-peak PSB Network production in Glasgow has decreased; in 2022, 100 fewer hours of non-peak programming were made compared to 2016. This translates to a decrease of 37 per cent in terms of value, from £27 million to £17 million over the period. Meanwhile, hours of

programming produced for peak-time broadcast increased slightly, though their value grew substantially from £65 million to £131 million between 2016 and 2022, driven by a shift towards higher-value genres, including scripted programming such as high-end drama and peak-time entertainment.

**Figure 18: Broadcast day-part of PSB Network content made in each cluster, 2016 and 2022, hours and £m**



Note: Value refers to all sources of funding, not just primary commissioner spend. Excludes news. Years refer to release dates. Peak is defined as 1800-2230

Source: O&O Producer Database, Oliver & Ohlbaum analysis

## 6.4 The role of PSB Network commissioning in returning series

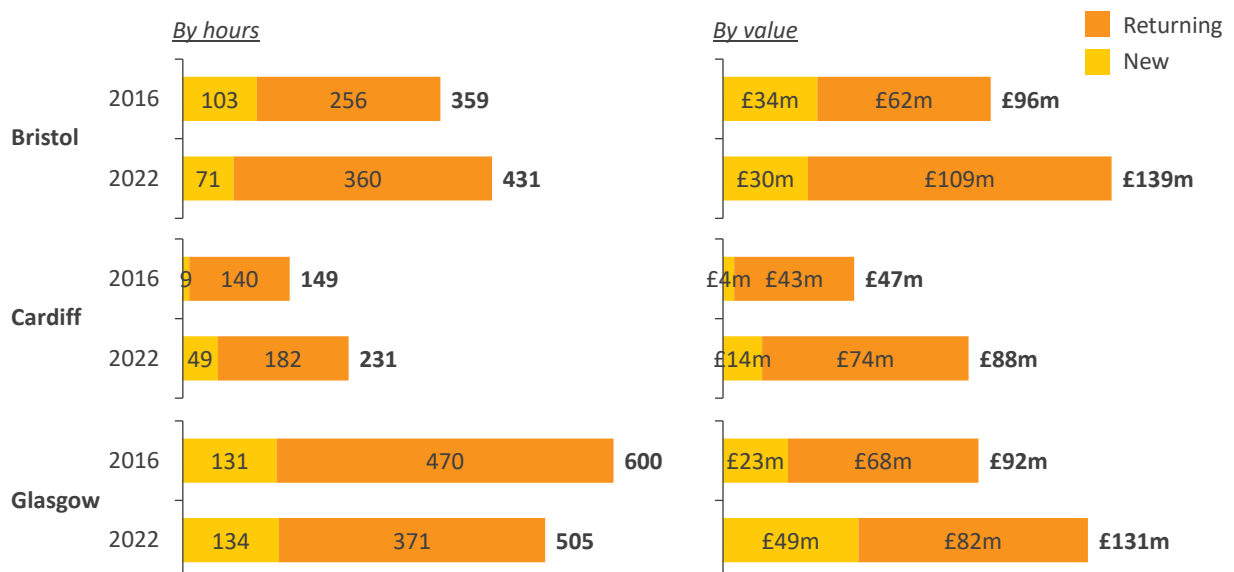
Figure 19 sets out the mix for each of the clusters. To simplify our analysis we looked at a sample of programmes, focusing on PSB Network commissioning.

- In **Bristol**, new commissions make up an important share of PSB Network hours. However, hours of new commissions have declined since 2016, in terms of both share and actual number. Meanwhile, commissioning of returning strands has seen substantial growth of 41 per cent from 256 to 360 hours, while their value has grown from £62 million to £109 million. This increase in returning series has provided certainty to the companies who are recommissioned and supports cluster sustainability, though the shift away from new commissions reduces the opportunities for new indies looking to win work.
- In 2016, very few PSB Network hours produced in **Cardiff** were new commissions. This number has since grown from 9 to 49 hours in 2022, providing more opportunities for creativity and competition between production companies to win work. Returning series still make up the backbone of PSB Network production in Cardiff and have grown in terms of hours and value. This promotes stability.
- New commissions make up a larger share of PSB Network programming made in **Glasgow** than in the other clusters, and although their hours have remained relatively unchanged, their value has more than doubled from £23 million in 2016 to £49 million in 2022. Meanwhile, almost 100 fewer hours of returning strands were produced in Glasgow in 2022 than in 2016. This represents a substantial decrease and can be linked to the decline in day-time factual programming observed earlier in this



section. On the other hand, the value of returning stands increased in 2022, growing 21 percent from £68 million in 2016 to £82 million. This can be explained by a shift in the genre mix towards more expensive returning strands.

**Figure 19: New vs returning series – PSB Network content made in each cluster, 2016 and 2022, hours and £m**



Note: Value refers to all sources of funding, not just primary commissioner spend. Excludes news. Years refer to release dates. Peak is defined as 1800-2230

Source: O&O Producer Database, Oliver & Ohlbaum analysis



