



Department for Culture, Media and Sport

The Government's response to
“A Future For British Film:
It begins with the audience...”



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Presented to Parliament by the Secretary of State for Culture,
Olympics, Media and Sport by Command of Her Majesty
May 2012

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This publication is available for download at www.official-documents.gov.uk

This document is also available from our website at www.culture.gov.uk

ISBN: 9780101835527

Printed in the UK by The Stationery Office Limited
on behalf of the Controller of Her Majesty's Stationery Office

ID 2491158 05/12 20538 19585

Printed on paper containing 75% recycled fibre content minimum.

“A Future For British Film: It begins with the audience...” An independent report commissioned by the Department for Culture, Media and Sport

Government Response

Background

In May 2011 Lord Smith of Finsbury was asked by the Minister for Culture, Communications and the Creative Industries, Ed Vaizey MP, to lead an eight-strong independent Panel of film industry experts in reviewing the Government’s film policy. The Panel was asked to identify barriers to growth in the British film industry.

The Panel received over 300 online submissions of evidence and met with a comprehensive mix of industry administrators and practitioners from across the UK. The Review Report “A Future For British Film - It begins with the audience...” was published in January 2012 and was universally welcomed by Government, across industry and by the UK Government’s new lead agency for film, the British Film Institute (BFI).

The Report contains wide ranging recommendations, many of which are for the BFI, some for industry and others for Government, but all of which aim to deliver policies to enable the industry to reach a position of sustained success for British filmmaking.

The Government is indebted to Lord Smith and his Panel for such a comprehensive Review, which, we are happy to note has been so well received by the sector.

This document represents the Government’s response.

Context: Film and economic growth

The economic and cultural value of the UK’s film industry and its long-term potential in the global marketplace presents a great opportunity for UK-based businesses. Nevertheless, the Government recognises that this Review took place in an extremely challenging global climate, and welcomes the Panel’s intentions to drive growth, create jobs and stimulate inward investment and exports.

The Government also recognises and welcomes the Review’s emphasis on audiences, particularly in relation to new and emerging technologies. By giving people more of what they want, when they want from the viewing platform of their choice, we believe the industry can maximise Intellectual Property (IP) revenue from the great British tradition of storytelling.

The Government appreciates its role in providing legislative support to protect IP and will move ahead with the implementation of online copyright provisions in the Digital Economy Act as soon as possible.

Film Tax Relief and State Aid

The continuation of the Film Tax Relief is the primary means by which the Government has helped ensure a consistent supply of films is made for delivery to audiences worldwide. This has recently been re-notified until 2015.

Within the European Economic Area, any assistance given by a public body which has the potential to distort competition and affect trade between EU Member States is subject to the EU State aid rules. As such, the Government is committed to ensuring that any policy recommendations here are compatible with State aid rules.

The new BFI and UK-wide support for film

The Government welcomes the emphasis placed on the new status and responsibilities of the BFI. The organisation faces a huge challenge and will work collaboratively with the industry to achieve the desired growth and sustained success to which the Review recommendations aspire. We are encouraged by the BFI's new "Fresh Approach", as articulated in their Future Plan.

The BFI will continue to support and work with agencies in the UK nations and regions, with Film Agency Wales, Northern Ireland Screen, Creative Scotland, Creative England and with Film London. In this response, the Government recognises that Education is devolved and will require a co-ordinated effort across the Nations, to take forward the Panel's recommendations of integrating film into the four education systems across the UK.

We also recognise the opportunity provided by working with the Mayor of London and the delivery bodies for the 2012 Olympic and Paralympic Games, to enable the BFI and Film London to ensure that infrastructure is in place to maintain London and the UK's position among the world's most popular locations for film and TV production.

Lord Smith's report listed 56 recommendations for action. The Government plans to review progress on these in a year's time, with the participation of the members of the review panel.

Our response to each recommendation is as follows:

Recommendation 1

The Panel recommends the BFI and other key public organisations engaged with film across the UK, explicitly recognise that a key goal of public policy for film should be to connect the widest possible range of audiences throughout the UK with the broadest and richest range of British films and films from around the world. This will help to increase the overall demand for and engagement with film in the UK and benefit both audiences and every part of the UK film sector.

Government Response

The Government welcomes this recommendation and the fact that audience engagement is the key principle behind the report. We believe this means making films people want to watch, but also challenging audiences whilst seeking to inform and educate through and about film.

The BFI will explore the potential to expand film across multi-platforms and different audience types. Government wants to see the BFI working with the industry, particularly distribution and exhibition bodies, to increase the film audience as much as possible.

The Government also looks to the industry to build on its achievements in providing accessible cinema for all and to ensure the provision of further improvements in access for disabled audiences.

Recommendation 2

The BFI should explore with industry partners developing and launching a British film 'brand' – raising awareness and expectation – to build a stronger and more compelling proposition for British film at home and abroad. The Panel would like to see the various parts of the UK film industry come together and collaborate in developing and delivering a UK-wide project that celebrates British film across the years; a project that is innovative and makes British films available to all audiences. This initiative might take the form of an annual British film week across the UK, possibly supported by an on-going series of British film days.

Government Response

The Government welcomes this proposal and has noted the positive early response to the British Film Week concept across industry and in the media.

We will support the BFI and industry partners in planning to develop and deliver this, taking the necessary time to get it right. The BFI will determine with partners how this work can be funded, as part of its Future Plan. Government wants to see the BFI actively explore the appetite for industry partnerships to support and part-fund delivery.

We welcome the BFI's current work in consulting with the industry on perceptions of a British film 'brand' and what this might mean. We look forward to the outcomes of these conversations to promote British film more broadly.

We commend the work done recently by Odeon cinemas in their "Back British Film" campaign and the related audience survey, which informed the Review. We would like to see more of this across the whole of the sector.

Recommendation 3

The Panel recommends that the BFI should put in place a strategy which develops a UK-wide film network, based on the existing Cross Arts Venue Network (CAVN), which can offer cultural experiences, collaborative programming, creative practice and talent development. Building on existing good practice, the BFI should aim to provide direct funding for the co-ordination of clusters of local cinemas and film societies across the Nations and Regions of the UK.

Government Response

The Government welcomes this proposal. The BFI will establish this new network working with regional and national agencies UK-wide. We would like to see this work developed utilising links through Creative England and the aforementioned screen agencies for Wales, Scotland and Northern Ireland.

Government wants to see more partnership and collaborative working across public funding streams, particularly between the BFI and Arts Council England (ACE), to provide best practice examples for others to follow.

We would particularly welcome the involvement of ACE in this context, who we note already have a shared investment in a wide range of venues and festivals across England and Government would like to see BFI and ACE develop stronger partnerships, to support the core infrastructure of venues who contribute to both arts and film agendas. More can be achieved, and more dynamic networks can be supported through a joined up cultural approach.

We commend the ACE-led exploration of the CAVN's developing proposal to support broadband access to local events through the creation of a new broadband network. This is exactly the type of initiative which we would like to see being developed by the partnerships mentioned above.

Recommendation 4

Building on a UK-wide network, the Panel recommends that the BFI works with exhibitors, regional archives, local communities, archive providers, and the local television services proposed by Government to develop a strategy designed to enhance social cohesion across the UK, using film as a catalyst for creativity and shared community experience. This strategy should maximise opportunities opened up by the digital age, and by the new superfast broadband network, which will allow local projects to be shared nationwide, so that even our most remote communities do not miss out.

Government Response

The Government supports this proposal whilst recognising the challenge it represents. We will support the BFI in working alongside other Government departments where appropriate to develop this project, with the aim of broadening the reach of film and its potential to act as a catalyst for community engagement, talent development and cultural outreach.

We welcome the ambition, shared with the wider arts sector, to target communities and areas of low engagement and provision through partnering on initiatives such as the digital screen network and rural cinema initiatives to reach those who may not traditionally engage in arts or film culture.

We would also like to encourage working with local initiatives and learning providing access to film for people with disabilities, both in the context of audience and of talent development. We note the good work of agencies such as uScreen in the South East, aiming to challenge perceptions towards disability, enhance learning and champion creativity in the film sector.

The Government would like to commend the work of the Cinema Exhibitors' Association (CEA) and we note that the UK cinema sector has a positive record in this area. However, there is no room for complacency and we would like to see that work continues with disability stakeholder groups, such as SCOPE, across the key areas for film, primarily to improve physical access and increase use of British Sign Language (BSL), subtitling and audio description. We note the opportunities provided by digitisation in this context.

Recommendation 5

The Panel recommends that the Big Lottery Fund (BIG) be asked to consider entering into a funding partnership with the BFI, to create a programme of assistance for local film clubs and societies in areas of rural deprivation or isolation, including the provision of screening facilities for village and community halls. Consideration should also be given to appropriate partnerships with private sector initiatives, to enable the programme to reach further.

Government Response

The BFI and BIG have met and are actively considering this recommendation and more broadly how they might collaborate in other areas. The Government is pleased full consideration is being given by both parties to the proposal for a funding partnership as set out in the recommendation above.

Recommendation 6

The Panel recommends that the BFI should co-ordinate a joined-up UK-wide film festival offer, to promote independent British and specialised film and maximise value for money, utilising a mix of public funding and private investment and sponsorship

Government Response

The Government welcomes this recommendation. The BFI will facilitate the necessary support, both public and private, to deliver this offer.

Government wants to encourage the private sector to generate support for the film festival circuit in the UK through investment and sponsorship opportunities, working with the UK Film Festivals Network which represents 34 festivals across the UK. We note there are lessons to be learned from sharing in this context with other public bodies in the arts and creative industries.

Recommendation 7

Building on the success and expertise of current providers, the BFI should co-ordinate a new unified offer for film education which brings together making, seeing and learning about film in an easy and accessible offer. This would be available in every school across the UK. It would be supported by an online platform or 'one-stop destination' to explore and enjoy film, giving easy access to learning materials, resources and information. The Panel further recommends the aim should be for this work to be jointly funded by the BFI, in partnership with the DfE and the respective education departments for Devolved Administrations (DAs); and with industry bodies.

Government Response

We welcome this recommendation and are encouraged by the BFI's efforts in bringing the sector together – in particular FilmClub, First Light and Film Education – to create a new vision for film education which focuses on the outcomes for children and young people. A new unified offer should build on the very best of the current opportunities to learn, make, understand and experience film but go even further in joining these opportunities up to meet the needs of schools and young people.

The BFI will lead on making this a reality for young people across the UK.

We note this recommendation is absolutely in line with the findings from the recently published independent review of Cultural Education, commissioned by the DfE and DCMS. This report advocates that all children, from whatever background, experience the richness of a varied cultural education, including film. It encourages the BFI to “be bold in bringing these film activities together into a joined-up coherent film education offer” and importantly, recognises the vital role that the film industry plays in supporting film education. It also recommends the creation of a new digital strategy and one-stop-shop website to support teachers, practitioners; parents and young people and we look forward to seeing how the BFI’s plans in this area will contribute to this.

We welcome the recent announcement from the Department for Education of a £3m investment in the creation of a film academy for young people. This will identify and develop young film makers with exceptional levels of creative talent, technical skills, commitment and tenacity to become successful. We are encouraged by the central role that BFI are playing in the implementation of the Cultural Education review’s recommendations, which will support the creation and delivery of its new film education offer.

Recommendation 8

The Panel recommends that the BFI, partnering with the National Endowment for Science, Technology and the Arts (NESTA) and Arts Council England, lead on the establishment of a Research & Development Fund for digital innovation in the film sector.

Government Response

The Government welcomes the importance placed by the Panel upon digital innovation. In particular, we appreciate that this is a crucial moment for the industry as it looks to replace falling DVD sales with revenue from online business models. Properly targeted R&D projects involving a range of companies (both in terms of scale and business) can lead to a better understanding of consumer patterns and thereby maximise the revenue available from British IP.

This proposal will be developed by the BFI. We are pleased to note the BFI as part of their Future Plan, are prioritising innovation and anticipating strong partnership with NESTA and ACE to take this forward.

We recognise any new scheme would need to undertake analysis of whether the related spend is likely to constitute State aid and then to ensure that it is either notified or tailored to fit within the exemption. As the work progresses, we would also expect to see Arts Council England and the Research Councils invited to participate.

Recommendation 9

The Panel recommends that as soon as possible the Government and Ofcom implement the provisions in the Digital Economy Act designed to reduce significantly online infringement of copyright. We also recommend that the film industry works closely with the Intellectual Property Office, Ofcom and the proposed BFI Research and Knowledge function to ensure that evidence on the levels and impacts of copyright infringement and theft on industry is as robust as possible.

Government Response

The Government welcomes the Panel's recommendation and remains committed to implementing the Digital Economy Act provisions as soon as possible. The Judicial Review of the online infringement of copyright provisions has caused significant delay since although the Government won overwhelmingly in both the High Court and the Court of Appeal, the point upon which we lost in both cases has meant that we have had to re-set how the costs of the process will be apportioned. This in turn has led to the Initial Obligations Code being delayed. However, we anticipate that the Code will be published in June 2012.

We will also support efforts to improve the evidence base on intellectual property generally, as well as on copyright infringements. The Government works together with industry and enforcement agencies through the Intellectual Property Crime Group (of which the Alliance Against IP Theft, the Federation Against Copyright Theft and the British Video Association are members) to produce the annual Intellectual Property crime report. Further contributions from the film industry to the report are welcome. The UK's IP Crime Strategy furthermore sets out that industry has a valuable role to play in providing evidence.

Recommendation 10

The Panel recommends that industry continues to fund pro-copyright education initiatives and for the value of IP to be integral to the BFI's new offer for film education and the Government's wider cultural education plans arising from the forthcoming Henley Review. Industry, Government, the BFI and others should promote initiatives that raise the visibility of legitimate sources of intellectual property to consumers such as www.findanyfilm.com

Government Response

The Government commends the efforts of industry to increase awareness of copyright and the value of intellectual property and welcomes the opportunity to work together with industry. Raising awareness of IP crime is one of the key pillars in delivering our IP crime strategy and the Government works with schools so that they have the tools to increase awareness of intellectual property amongst pupils. For example, the IPO, working with Aardman Animations has developed Cracking Ideas, a Government-backed project which uses a combination of lesson plans, activity packs, challenges and a dedicated website, to encourage innovation and creativity amongst children aged 4 – 16, all with links to the UK curriculum.

The Government, as part of its response to the recently published Review of Cultural Education undertaken by Darren Henley, will work closely with the BFI on how best to promote the value of copyright to school children.

Recommendation 11

The Panel recommends that Government continues to facilitate the partnership work of content creators, ISPs and others to tackle websites which permit or promote copyright infringement.

Government Response

The Government welcomes the input of the film industry into this work and looks to see progress this year. It is important that online infringement of copyright is tackled in a number of different ways in order to make websites dedicated to infringement more difficult to access and less profitable to operate. That depends upon different parts of the economy working together to make the sites that are making money from illegally supplying material, with no compensation to creators or investors, less attractive both to visit and to run. This will include working with online advertising bodies to reduce the risk of brands appearing on sites dedicated to infringement, and with search engines to see how they and rights holders can work together to tackle online infringement. One important initiative, where the music industry has taken the lead, is on cutting off the supply of funds from illegal sites by working with payment facilitators such as Visa, MasterCard and PayPal to remove their services from sites where there is clear evidence that they are intent upon infringement, and the evidence has been endorsed by the City of London Police. The film industry should also take up this opportunity.

Recommendation 12

The Panel recommends that when the Government implements any of the recommendations of the Hargreaves Review of Intellectual Property and Growth it ensures that film industry concerns about proposals, including the Digital Copyright Exchange and new copyright exceptions, are addressed.

Government Response

The Government is consulting extensively on its copyright proposals arising from the Hargreaves Review. On 14 December 2011 Government launched the Copyright Consultation, which closed on 21 March 2012. In order to secure the broadest evidence base possible as part of the consultation process the IPO delivered a programme of national events for interested parties to feed in their views on the Government's proposals, and this included meetings with stakeholders from the film industry. The case made by the film industry will be fully taken into account alongside other responses in decisions made on the Government's proposals for improving the UK's copyright regime.

The Digital Copyright Exchange (DCE) is being studied separately, and an independent feasibility study lead by Richard Hooper was published on 27th March 2012. The DCE feasibility study – "Rights and Wrongs: is copyright licensing fit for purpose for the digital age?" – is based on evidence collected through 90 face to face meetings and 117 responses to the Call for Evidence issued on 4 January 2012. The next stage will involve working with industry, including film, to find solutions to the problems identified in the feasibility study. We hope that the film industry will play a full part in that process.

Recommendation 13

The Panel recognises that digitisation should be a key tool for increasing access to independent film. It therefore calls on the studios, third party consolidators and exhibitors to find a new Virtual Print Fee model that puts the independent distributor in an economic position which is as good as or better than the 35mm model. This is in accordance with the Panel's objective of expanding audiences for independent British and specialised films. One

option for achieving this might be to encourage a mechanism that gets rid of the repeat fees incurred each time a print moves between cinemas.

Government Response

The Government welcomes industry engagement with this issue and a focus on finding workable solutions to address any problems faced by independent distributors from the VPF model.

We welcome news from the Cinema Exhibitors' Association that all relevant parts of the industry are considering working together to look at any potential unintended impacts of the VPF on booking and programming policy, in particular for smaller companies, and considering how these problems may be alleviated to remove negative impacts.

Recommendation 14

The Panel recommends that exhibitors and independent distributors discuss how to bring about changes to current practices and agreements regarding theatrical windows and other exhibition terms, in order to distinguish between different types of films, and to support independent British films in particular.

Government Response

The Government welcomes industry proposals to help a wider range of films, (in particular small independent films), reach a bigger audience as soon after their release date as possible, and on a variety of platforms. We encourage the sector to work positively and creatively to support the independent film industry.

Recommendation 15

The Panel recommends that the BFI, working with the Independent Cinema Office (ICO) and the industry, leads on the improvement and sharing of best practice among smaller exhibitors.

Government Response

The Government welcomes the call for co-ordinated assistance for smaller exhibitors, to the ultimate benefit of audiences, particularly in areas beyond the UK's big cities. This intervention should not be limited to the sharing of best practice but, as the Report makes clear, lead to a well-informed coherent UK strategy for independent film exhibition.

The BFI, in partnership with organisations across the UK, including the ICO, should plan to achieve this, with the appropriate level of funding to be considered as part of the BFI's forthcoming Future Plan. The process should be as inclusive as possible in terms of involving other organisations operating in this area.

Recommendation 16

The Panel recommends that Government introduces legislation that would make it a criminal offence to record films shown in cinemas.

Government Response

The Camcording of films is already an offence under the Copyright, Designs and Patents Act 1988 and the Fraud Act 2006. A number of individuals have been successfully convicted under the Fraud Act 2006 for unlawfully recording in a cinema theatre, and in one case an initial custodial sentence was passed, although this was subsequently amended to a community penalty.

The Fraud Act requires that there must be evidence that a suspect was acting dishonestly and had an intention to make a gain for himself or another, or cause loss to another or expose another to a risk of loss in money or other property. As the offence already exists, the current legislation acts as a sufficient deterrent to would-be offenders. Training has also been delivered to prosecutors on tackling IP crime, including use of the 2006 Fraud Act.

Note: (See below a single Government response to all recommendations in this block, i.e. recs. 17-28).

To avoid repetition, whilst each of the recommendations 17-28 in the Review text begins with the words "*The Panel recommends that..*", we have removed these in this document to simplify.

Recommendation 17

The Panel recommends that:

BFI funding for film should be broadly balanced between filmmaking and distribution activities (development, production, P&A) and activities related to film culture (audience development, film education and training, film export, lifelong learning, archive and heritage, activity in the Nations and Regions, economic cultural and policy research); and further recommends that within the two broad categories as much flexibility should be available to the BFI as possible to respond to the needs of audiences, the film industry, and film culture.

Recommendation 18

The BFI to ensure there is a transparent and accountable mechanism to deliver plurality of taste among gatekeepers of funds, especially in relation to development and production funding.

Recommendation 19

The Panel notes the success of the (small scale) Vision Awards for development funding, which offered considerable autonomy to producers, and recommends that the BFI should continue with (or expand on) a similar scheme.

Recommendation 20

The BFI to introduce a funding mechanism to enable recycling successfully returned development funding back to companies that achieved that success, to be reinvested in further development activity.

Recommendation 21

The BFI to make allowance for development funding that recognises the unique challenges of animation development.

Recommendation 22

The BFI to support the development and production of independent British family films for children and their parents or carers.

Recommendation 23

In order to encourage producers and distributors to work together from the initial stages of financing of a film, the Panel recommends the BFI create Joint Venture Lottery funding to be accessed by partnerships between producers and distributors.

Recommendation 24

Market testing (test screenings and audience research) should be encouraged by the BFI where appropriate and should be funded by marginal increases in individual Lottery awards.

Recommendation 25

The current practice of the BFI supporting the recoupment of Film Tax Relief as producer equity continues, but that this producer equity should recoup pro-rata and pari-passu with BFI Lottery investment.

Recommendation 26

The current level of BFI producer equity recoupment corridor (PEC) should be maintained, but that it should be treated as a supplement to the tax relief as producer equity position.

Recommendation 27

All recouped funding (tax relief as producer equity, the additional BFI producer equity corridor (PEC) and Joint Venture funding) from BFI-supported projects should be held in trust by the BFI. It would be available for reinvestment in future filmmaking activity by the producer (except for a percentage to incentivise and reward success as outlined in a further recommendation).

Recommendation 28

In order to implement the recommendations concerning recoupment, the Government should encourage the BFI to relax its recoupment targets, since prioritising returns to the organisation may inhibit the policy goal of rewarding success and helping to create a less dependent production sector.

Government Response to Recommendations 17 to 28

The Government welcomes and fully endorses the ambition in this set of recommendations to incentivise and reward success and build stronger film production companies. We support the principle of rewarding films that are successful with audiences, to empower practitioners in a business sense, and provide an incentive to achieve success.

We also support the Review's aim to reduce the overall dependency on public funding and encourage producers to attract more investment in their businesses; this means seeking ways for producers and filmmakers to retain more of a financial stake in their films, ultimately resulting in a more consistent flow of culturally British films for the enjoyment of audiences.

To make this work, the BFI will need to work with filmmakers, sales agents and investors to model and, pending State aid clearance, test these suggested funding mechanisms with the aim of delivering on these key public policy objectives.

The BFI will set up a cross-industry Task Force, consisting of producers and distributors, to explore these proposals in detail, and to design a workable set of mechanisms and monitor the outcomes.

We support the ambition to improve development of family and animated films and look to the BFI to work with stakeholders to find the most efficient intervention to deliver this. We welcome the ambition to build on the Vision Awards for development funding and continued investment in new scripts to maintain the UK's proud tradition of storytelling.

The Government will work proactively to address any State aid implications of these proposals, following assessment of whether the changes fall within existing notifications. We will ensure that new BFI Lottery directions are drafted to enable the necessary change in this context .

Recommendation 29

The Panel welcomes proposed changes to the Enterprise Investment Scheme (EIS) and recommends that BFI and other public agencies work closely with the film industry to monitor and ensure best value for money for the taxpayer in emerging film investment schemes. Government should ensure that any changes to the EIS rules should not adversely affect the opportunity for independent film production companies to apply.

Government Response

The Government supports this recommendation. The (EIS) is designed to help smaller higher-risk trading companies to raise finance by offering a range of tax reliefs to investors, in this case those who invest in films and in this context independent British films in particular.

We welcome the industry working to ensure that EIS is used effectively. The Government's strategy on policy making is to work with all interested stakeholders to ensure that any proposed legislative changes deliver their intended policy result.

HM Revenues and Customs stress it is important that companies appreciate the conditions of the EIS legislation to be met by investors and it will continue to work with the film industry to ensure that independent production companies are not adversely affected by the changes.

Recommendation 30

The Panel recommends that a reasonable percentage share of the BFI producer equity corridor (PEC) and of the recoupment of any Joint Venture funding from BFI-supported

projects should be accessible by the directors, writers and producers as fair reward and incentive for success, in accordance with agreements to be reached between WGGB, DUK and PACT together with the BFI.

Government Response

The Government welcomes this innovative proposal and looks to the trade bodies concerned to work closely with the BFI to model the changes required to provide this further incentive to mobilise our creative resources, to achieve greater success with audiences in the UK and worldwide. It will be necessary to ensure that the recommendation is not contrary to the Policy Direction regarding private gain vs. public benefit and also the general State aid principle that the aid given should not exceed the minimum amount of aid necessary to make the film itself.

Recommendation 31

The Panel endorses and supports the work the BFI is undertaking on streamlining its film transaction, legal and other processes, and recommends this work is continued with industry partners and is translated into solid proposals within a defined timeframe.

Government Response

The BFI will continue to seek solutions for streamlining the costs to filmmakers of the legal and other processes associated with its film transactions.

Any changes should reflect guidelines for the use of public money. We want the changes to come into force as soon as possible to ensure independent British filmmakers are getting the best deal possible.

Recommendation 32

The Panel recommends that the Government initiates immediate discussions with each of the major broadcasters – the BBC, ITV, Channel 4, Channel 5 and BSkyB – with the aim of agreeing a Memorandum of Understanding with each broadcaster setting out its agreed commitments to support British film. Should this approach prove unproductive, then the Government should look at legislative solutions, including new film-related licence requirements to be implemented in the new Communications Act.

Government Response

The Government welcomes the Panel's recommendation that major broadcasters should do more to support the screening, acquisition and production of independent British film.

We want to see broadcasters like BSkyB, ITV and Channel 5 doing more to support the industry and this is something we intend to raise with them as a matter of priority. We welcome the recent press announcement from BSkyB in this context, and their plans for "a major new investment in feature-length British films for television".

Recommendation 33

The Panel recommends that the Government, together with the BFI, Ofcom, the BBC Trust, industry, and television broadcasters, carries out an investigation of the UK film acquisition

market to generate robust data and evidence in order to answer these questions and determine whether any remedial action is required.

Government Response

The Government agrees this is an important area to examine, and this is something that can be considered by the BFI, in partnership with the appropriate stakeholders. The Government will then consider the substance of this study and any conclusions reached in order to take a view as to whether any further measures are necessary.

Recommendation 34

As the market in delivering film content online to UK audiences develops, and to help connect all aspects of the film value chain, the Panel recommends that Government and the BFI seek to engage with online services in relation to their involvement in the investment in and promotion of British film.

Government Response

The Government will work with the BFI in facilitating initial conversations with online providers to provide support for original British content.

We would also like to see online support for British Film Week (Recommendation 2).

We fully recognise the vital importance of exploring new models for online services and digital distribution and we note that the Arts Council and BBC have been developing an ambitious research initiative, “The Space”, examining how arts and cultural content can be aggregated, helping audiences find and explore a range of diverse content and new talent.

We are pleased to note the BFI has recently joined this partnership.

Recommendation 35

The Panel recommends that the BFI produces and implements a robust, cohesive international strategy for UK film, working with the British Film Commission (BFC) and broadening the hitherto existing focus of work marketing Britain, to encompass new and emerging markets; this should include the opportunities for greater engagement with Europe; and also with existing co-production partners as well as other territories offering creative commercial collaboration.

Government Response

The Government supports the Panel’s recommendation to establish a coherent international strategy. We wish to emphasise the importance of developing partnerships and relationships internationally which will contribute towards delivering increased job and export opportunities for UK film, feeding into the cross-Government agenda of export and growth.

Moreover, the Government sees the film industry as a key component in delivering cultural benefits and in promoting our creative industries around the globe.

We therefore welcome the BFI's activity in fast-tracking the development of a new international strategy, including positive dialogue with film export groups. We welcome the involvement of UK Trade & Investment (UKTI) in these conversations.

The BFI will lead engagement across international relationships for the UK film industry, in all territories. We note the importance of the US and confirm that the BFI should work closely with the BFC to ensure that this is maintained.

Recommendation 36

The Panel recommends that the Government continue to support and prioritise a successful inward investment strategy through an effectively funded British Film Commission, and recognises the importance of such a strategy in bringing structural benefits to the independent UK industry.

Government Response

The Government will continue to prioritise a successful inward investment and international strategy and see the role of the British Film Commission as central to this. The input of the BFI, UKTI, the British Council, Film London and other public and private partners will be crucial in working with the BFC to this end.

The BFC will therefore enter into a strategic partnership with UKTI and BFI. Along with contributions from industry, that will provide an additional £400k to the BFC's budget and enable the commission to maximise its impact for the UK across the globe. The Government expects the BFC, UKTI, BFI and industry partners to work closely to ensure effective resourcing and collaboration across the UK to maintain and grow inward investment and wider international commercial activity.

Recommendation 37

To make the most of existing partnerships and to signal our clear intention to Europe and new potential partners, the Panel recommends the development of a co-production strategy that will seek to best exploit the opportunities for UK film. The Panel has been made aware of the call from industry for the Government to reconsider its position with regards to the tax regime for co-production. The Panel recommends that the Government continues to monitor the effectiveness of the tax incentive in relation to co-production, in particular regarding to the issue of 'used or consumed'.

Government Response

The Government acknowledges the importance, both economically and culturally, in advancing a co-production strategy.

The BFI will take the lead on the management of existing, and development of new relationships that enhance UK film in the global context. We will continue to monitor the effectiveness of all tax incentives.

Recommendation 38

The Panel welcomes BBC Worldwide's (BBCWW) consideration of ways they might include British film in their promotional work to television channels around the world, in their annual

showcase in the UK, and in their embryonic Culture Club idea, which is in very early stages of development and would be subject to the necessary approvals. Alongside BBC WW's existing theatrical activity with the Natural History brands, we recommend that they give consideration to investing in independent film production, both related and if possible unrelated to television productions.

Government Response

The Government recognises the work BBC WW is already doing to invest in and support the UK creative industries, as a partner to over 200 UK independent producers, investor of £78.5m in BBC-commissioned shows last year, and as the world's largest finished TV programme distributor outside of the major Hollywood studios. BBC WW's distribution platforms around the world include TV channels with a reach of over 343m homes, the current iPlayer pilot in 16 countries, as well as a variety of other digital platforms which showcase the very best of British content overseas. The Government would welcome BBC WW considering ways it might also support and promote the UK's film sector as part of its global exports strategy over the coming months and years.

Recommendation 39

The Panel recommends that the BFI, in partnership with Creative Skillset and BIS, continues to deliver and strengthen a strategy for skills which represents a 'gold standard'. Such a strategy will help ensure that skills across the sector remain one of the UK's great strengths, that our skills base continues to act as a powerful incentive for inward investment, and that the indigenous film sector is able to maximise benefits to audiences.

Government Response

The Government recognises the achievements of Creative Skillset and supports the ambition for consistent delivery of world class standards in the UK workforce and future strategies to reflect the UK's position globally. We concur with the Review's conclusion that in order to remain competitive in the global marketplace, the UK must produce world class talent and we note that this is reflected in Creative Skillset's current strategy document "*A Bigger Future 2*".

Recommendation 40

The Panel recommends that – subject to agreement by employers – Creative Skillset and Creative and Cultural Skills should merge into one body covering the whole of the creative sector.

Government Response

The Government welcomes measures which may support the wider creative industries more effectively. Following on from the work of the Creative Industries Council, we recognise the strength that a unity of voice across the creative industries brings, and also the value of a close working relationship between Creative Skillset and Creative and Cultural Skills.

However, it is for the employers in the relevant sectors, including the Board members of both Creative Skillset and Creative and Cultural Skills, to determine whether such a merger is appropriate.

Recommendation 41

The Panel notes and welcomes the specialist courses at Bournemouth and Abertay, developed in partnership with the industry and Creative Skillset, and would wish to see this approach built on to meet identified sectorial needs. We recommend that the BFI and Creative Skillset work with the Higher Education Funding Council for England (HEFCE) and its sister organisations in the other Nations and Higher Education institutions across the UK, to build on the successes these universities have had in establishing new media and VFX specialisms.

Furthermore, the Panel recommends Creative Skillset continues to develop similar schemes with business schools aimed at creating more entrepreneurs who want to work in film.

Government Response

The Government welcomes this proposal. By filling the gaps identified in current skills, UK film is preparing for global success in the digital era. We recognise and applaud the progress that has been made at Bournemouth and Abertay.

The BFI will build on these initiatives, working in partnership with the Department for Business, Innovation and Skills, Creative Skillset, industry and the Higher Education Funding Councils for the UK nations – exploring also where relevant the recommendations from the Hope-Livingstone 'Next Gen' review, published in 2011.

Recommendation 42

The Panel recommends that the BFI, together with Creative Skillset, HEFCE and the Scottish Funding Council, undertakes a review of the three Creative Skillset Film Academies, with the objective of establishing their readiness to be considered for the equivalent of 'Conservatoire' status for delivering world-class skills and training – similar to that enjoyed by leading music, drama and dance academies.

Government Response

The Government recognises the sterling work and achievements of our screen academies, the National Film and Television School, the London Film School and the Screen Academy Scotland, and supports this recommendation.

We note that recommendations from the Henley Review of Cultural Education, the NextGen review, and the Creative Industries Council Skills Group also emphasise the importance of specialist education needing greater coordination and collaboration between mainstream education and the creative and cultural industries.

We acknowledge the need to look at the ladders of progression between tiers of education, and – in partnership with the Department for Education – the funding required to deliver this effectively. HEFCE notes the recommendation that it should work with Creative Skillset and the Scottish Funding Council to review the three Creative Skillset Film Academies. Such a review would need to include issues associated with designation and public funding before it could be taken forward. HEFCE is awaiting the Government's Response to the Higher Education White Paper which should set the framework within which any review could be undertaken.

The BFI and Creative Skillset will work together to fully scope this important piece of work.

Recommendation 43

The Panel recommends that the BBC and other PSBs (working in partnership with Creative Skillset) maintain at least current levels of broadcaster funding and support for film training and talent development, with a view to re-establishing themselves as leading gateways into film for new talent.

Government Response

The Government recognises the importance of the broadcasters' funding and support for film training and talent development and this will form part of the wider issues we will raise with them on doing more to support British film.

Recommendation 44

The Panel recommends that the BFI works with and supports Creative England, the National Screen Agencies, Creative Skillset and others to create a strategy to ensure diverse talent is found, supported and nurtured, outside London. Ways should be found to help ensure that talented people can work, in a sustainable way, wherever they may wish to locate themselves in the UK.

Government Response

The Government welcomes this recommendation. We want to support this collaborative approach across our public service bodies, covering our diverse population across the UK both inside and outside London, and taking advantage of local initiatives.

The BFI will work with partners to develop a strategy to deliver this key proposal.

Recommendation 45

The Panel believes that support for career progression in production extends beyond enabling creative talent to make their first film. We recommend that a clear ladder of progression for talent is identified to address the needs of those working on their second or third feature film.

Government Response

The Government supports this proposal. We recognise the challenges of building a long term career in the industry and believe it makes sense to support and reward those artists who have already proven their talent and ability to deliver a complete product.

Creative Skillset will lead on this work.

Recommendation 46

The Panel recommends that the BFI requires that any beneficiary of Lottery production or skills funding should, where practicable, have a scheme in place to guarantee investment in new and diverse talent.

Government Response

The Government welcomes this proposal and looks to the BFI to facilitate discussions with Creative Skillset and training providers on how this might be achieved. The Skills Investment Fund is an existing mechanism which should be considered when developing new models in this context.

Recommendation 47

The Panel recommends that Creative Skillset works in partnership with the industry to continue creating apprenticeships and internships to cover craft and technical skills across the film sector; and also to provide bursary schemes for the academies that would enable people from a wide variety of backgrounds to attend leading film schools. The Panel notes that because of digital convergence, skills in different parts of the audio-visual industry are more closely related than ever and apprenticeship and training plans must reflect this increased overlap.

Government Response

The Government supports this ambition. The BFI and Creative Skillset will work together with regional and national agencies and academic institutions to make this happen.

We need a plurality of entry routes and support mechanisms, such as bursaries, to ensure people from as wide a variety of backgrounds as possible can enter this industry. We also welcome the ambition to respond to convergence through closely related training strategies, and we note that Creative Skillset as the Sector Skills Council for the Creative Industries is uniquely placed to lead this.

Recommendation 48

Building on the achievements of the Screen Heritage UK (SHUK) initiative the BFI should write a new business case to ensure the long term safety of, and continued access to, the UK's significant collections of film. Such a business case must assess on-going revenue needs for film collections held across the UK Regions, and the critical capital investment required to support urgent preservation and access; an entrepreneurial approach is needed to find partnership funding across the heritage sector and with commercial operators and rights-holders.

Government Response

Government supports this recommendation in principle and would welcome partnership funding from a range of private sector sources, including philanthropic and corporate support.

The BFI will work with regional and national partners to actively explore this area.

Recommendation 49

The BFI should secure new public and private partnerships to unlock resources to digitise and exhibit British film heritage. This will include ensuring availability in all educational institutions in the UK. The potential for partnership funding for this purpose should be actively explored with museums and libraries, Arts Council England (ACE) and its

equivalents in the Nations, the Heritage Lottery Fund (HLF) and local private investors; and the necessary copyright mechanisms for ensuring that the archive can be readily disseminated, should be explored with Government.

Government Response

The Government welcomes this and will support the BFI in brokering partnership conversations, where required, with regional and national bodies, plus other public bodies who have expressed an interest, such as ACE.

We also wish to encourage the BFI to facilitate discussions with Department for Education, BIS, and other funders, including HLF, to explore the potential benefits of providing a range of digitised archive materials online for use in schools, universities, museums, libraries and other cultural venues, and by everyone with internet access for film and moving image.

Recommendation 50

The BFI National Archive, in association with other National and Regional Archives, should develop a UK Register of British film.

Government Response

The Government welcomes this proposal and hopes that, if appropriate, links are made to the work of Richard Hooper in the development of the Digital and Copyright Exchange (DCE) and the Government's proposals on copyright and orphan works.

We welcome the BFI continuing to lead and working with ACE, HLF and the BBC in its advocacy and development role to promote good curatorship and increase accessibility to a range of cultural and film archives. We note that ACE previously worked with the film industry and the BBC to develop a joined up vision of how all publicly funded art and cultural works could be digitised, catalogued and archived according to common standards allowing them to be linked, found and enjoyed online by audiences. Government wants to see this work developed further, building on the lessons learned.

Recommendation 51

The Panel recommends the Public Service Broadcasters at least maintain their current levels of contribution to the costs of archiving British television.

Government Response

We agree with the Panel's view the National Television Archive (NTA) is an important part of our screen heritage. It is important that the BFI is in a position to be able to look after the legacy collections and we look to Ofcom, in consultation with the BFI and the broadcasters, to set an appropriate contribution by broadcasters.

Recommendation 52

The Panel has noted that only statutory legal deposit for all films certified as British by the certification authority will guarantee that our heritage is preserved. To ensure that all such films can be acquired by the BFI National Archive, the Panel recommends that consideration be given to such a legal deposit provision.

Government Response

The Government supports the intention to preserve the vital cultural asset that is our British Screen Heritage, but a legal deposit scheme may not be appropriate at this stage. A statutory scheme would be complicated to implement and take a long time to come into force. We do not propose to take primary legislation to address this but we shall be exploring with the BFI other ways to secure more films.

In the first instance, the Government is asking the BFI to work in partnership with the BBC, Film4 and any other public funders of UK Film, to use the conditions of their grants to increase the number of films supplied to the BFI archive with appropriate educational and research rights. Government would ideally like to see all publicly funded films captured this way. We will support the BFI to work with all public funders of UK film to put in place appropriate contractual deposit arrangements, together with rights for research access and educational use.

Recommendation 53

The Panel notes the need for a strong evidence base for film policy and recommends the BFI establishes a 'Research and Knowledge' function to; a) collaborate with industry and stakeholders to generate robust information and data on which to base policy interventions; b) assist in the design of BFI policy and funding interventions from the outset to produce learning that can inform future policy; c) actively disseminate results and learning from funding interventions; and, d) over time build and maintain a valuable and accessible knowledge base for the benefit of the public, the BFI, Government, industry, academia and all other stakeholders in film.

Government Response

The Government is acutely aware of the absolute requirement for a strong evidence base to support all policy decision making and film is no exception. We welcome this recommendation.

The BFI will scope the requirement here, with our support and working with industry and public sector partners.

This is something we have discussed previously with ACE and the National Endowment for Science, Technology and the Arts (NESTA), who we know will welcome this proposal, along with recommendation 8's identification of research and development as the bedrock of a successful creative economy. We look to the BFI, building on the successful work of their research and statistics unit, to work with ACE, NESTA and the Research Councils in sharing research data and good practice.

Recommendation 54

(See below for the Government response to all recommendations in this block.)

The Panel recommends that the BFI provides a single focused leadership body for UK Film, demonstrating transparency, accessibility and collaboration; that it fully recognises it now has an industrial as well as a cultural brief; and that it has an active outreach and partnering strategy involving Creative England, the NSAs and companies formed from the RSAs across

the Nations and Regions of the UK; the BFI should provide a single information portal for advice, guidance and support, both industrial and educational; including links to career opportunities.

Recommendation 55

The Panel recommends that the BFI develops a strategy for incentivising private investment in UK film production; and for the encouragement of sponsorship and philanthropy for film culture.

Recommendation 56

The BFI now has a direct relationship with Government, with accountability to Parliament for spending on grant-in-aid and Lottery funds. The Panel notes that the Government has introduced a regular Review process for all Non-Departmental Public Bodies (NDPBs). We recommend that this triennial process is used to examine progress made on the BFI's new strategic direction, and on the various recommendations made in this report, and the subsequent Government response.

Government Response to Recommendations 54 to 56

The Government recognises the challenge that the BFI faces in the context of its new status, responsibilities, and funding constraints. We will support and work alongside our new lead body for film in meeting this challenge. We want to encourage a collaborative and partnership approach and we will be looking to industry and to other public sector bodies to work with us in achieving this.

The Government notes and welcomes the potential efficacy of the triennial Review process and will seek to employ this to the mutual benefit of all parties concerned. We plan to review progress on these recommendations in a year's time, with the participation of the members of the review panel .

The BFI's own Future Plan will build on the very positive impetus Lord Smith's Review has given us and will aim to use the platform of the spectacular success of British film in 2011 to shape a bright future for the industry.



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ISBN 978-0-10-183552-7



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