
A Future For British Film

It begins with
the audience...



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An independent report commissioned by the
Department for Culture, Media and Sport



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This is the Report to Government by the Film Policy Review Panel

The brief:

The Minister for Culture, Communications and the Creative Industries, the Hon Ed Vaizey MP, announced on 24 May 2011 that former Secretary of State Rt Hon Lord Smith of Finsbury would be leading an eight-strong independent panel of film industry experts, reviewing the Government's film policy.

The Panel was asked to identify barriers to growth in the British film industry. The principal objectives of the Review were to:

- Provide greater coherence and consistency in the UK film industry
- Determine how best to set policy directions for the increased Lottery funding
- Identify ways to develop and retain UK talent
- Increase audience demand for film, including independent British film.

The panel:

In selecting the Panel, the chairman Lord Smith wanted people with industry experience and expertise who could provide a credible voice to represent each respective link in the value chain for UK film, whilst having a good understanding of the overall complexities of the industry.

The Panel first met on 1 June and issued an online call for evidence on 24 June.

The members were:

Rt Hon Lord Smith of Finsbury, former Secretary of State for Culture, Media and Sport (Chairman)

Will Clarke, Independent film distributor, founder and former CEO, Optimum Releasing

Lord Julian Fellowes, Oscar® winning writer and actor

Matthew Justice, UK film producer and Managing Director, Big Talk

Michael Lynton, Chairman & Chief Executive Officer, Sony Pictures Entertainment

Tim Richards, Chief Executive, Vue Entertainment

Tessa Ross, CBE, Controller of Film and Drama, Channel 4

Libby Savill, Head of Film and Television, Olswang LLP

Iain Smith, OBE, film producer and Chair, the British Film Commission Advisory Board

The project team:

The Panel is indebted to Hugh Muckian, James Butler, Rob Cheek and David Gookey for their hard work and support to the Review; along with Neil Watson, David Steele, Tim Scott and Mary McKevevett, they have provided project controls, research and drafting expertise, as well as the Secretariat for this Report. Their assistance has been invaluable.

Introduction

British film is going through something of a golden period. A run of really good, successful, British-made and British-based movies has been taking not just British cinema audiences but many others around the world by storm.

The astonishing success of *The King's Speech*, of course, heads the list; but add to that the final *Harry Potter*, *The Inbetweeners*, *Tinker Tailor Soldier Spy*, *Shame*, *Wuthering Heights*, *We Need to Talk about Kevin*, *Johnny English Reborn*, and quite a few others, and it's an impressive picture. We've had golden years before, of course, but this has been exceptional. The key question, though, is how do we make this something that lasts for more than just an all-too-brief year? How do we secure greater consistency in the quality and success of British film? Are there things holding back independent British production, in particular, that Government can help to tackle? The answer to these questions is important not just for the enjoyment available to cinema audiences, but is also important for Britain's opportunities for economic growth.

Below:
The King's Speech (2011)



At the same time as British independent production has been enjoying a run of success, Britain has also continued to be the destination of choice for many foreign studios to make their movies, with well over £1bn of production investment in 2010 alone. The conditions in the UK are well placed to encourage all kinds of film production, from the micro-budget to the blockbuster. These conditions need to be nurtured and sustained. And we need to ensure a synergy – in the development of a growing world-class talent and skills base – between the strong inward investment trends and the potential for a more consistently successful British film sector.

The prize, if we succeed, is of course not only a vibrant choice of British movies for us all to watch and enjoy. It's the chance to make a major contribution to the growth of the UK's economy, to the development of attractive and fulfilling careers for young people, and to the creation of job opportunities across the country.

In setting out to resolve some of these questions, our Report starts where any sensible film policy should: with the audience. If British films are going to be successful, filmmakers need to think from the outset about the audience. We know from consumer research that there is a strong appetite for British-made movies amongst the cinema-going audience in the UK. People want to see British movies, and like it when they do. But the percentage of movies actually seen by the overall audience in UK cinemas that could be described as British remains far too low. If we're ever going to crack this conundrum we have to ensure that filmmakers understand and think about their audience, at the same time as they strive to express their creativity. That's why, later in the Report, one of our proposals aims to encourage producers to come together with distributors in the very first pitch they make for finance and support. Understanding and respecting the audience is the key to making that audience bigger.

It's important, though, not only to understand the audience, but to provide that audience with the opportunity to see a broader range of film and to learn more about film generally. How can young people begin to discover the history of film, the excitement of filmmaking, and the riches of British cinema? How can audiences across the UK have access to the whole range of movies, and not just a handful at any one time? How can those not living in towns and cities have better access? How can we help audiences who wish to develop a deeper taste

for British-made movies, and then how can we ensure we supply films to meet that taste?

Fifteen years ago, the then incoming Government established a Film Policy Review – ably led by Stewart Till – which posed many of these questions and produced *A Bigger Picture* to help find some solutions. Over the intervening period, however, the world of film has changed almost beyond recognition. The advent of digital filmmaking has made unimaginable things possible, from micro-budget movies to the use of astonishing visual effects. The arrival of digital projection has raised the prospect of enormously increased access to movies around the country. There has been an explosion in home entertainment and multi-platform-viewing possibilities. The widespread use of the internet has made both legitimate and illegitimate activity manifestly easier. There has been a growing appreciation of the importance of copyright and intellectual property protection, in helping to stimulate growth in the creative sector. And around the world, a new and growing cinema audience in countries like China, India and Brazil is coming to an appreciation of international film. Here in Britain, we tell stories well, and stories are the stuff of movies that will have long-lasting success. The opportunity to seize the changes that have been happening, and turn them to the advantage of British filmmaking, cannot be missed.

As the demand for story-telling movies grows around the world, there's a real opportunity for Britain to become a centre for international independent production too. The British have years of experience in financing films the independent way – bringing together a number of

different funding sources, negotiating through a maze of investors, production partners and distributors – and putting together movies in ways that single-studio approaches find far more difficult. Both the international independent distribution market and the large studios will increasingly be looking for good independently produced material. Britain can be the place where this comes from.

One other major change has happened in the course of the last eighteen months: the disappearance of the UK Film Council, and the bringing of its functions and support for the film industry in to the British Film Institute (BFI). The Film Council had accomplished a lot during its decade or more of existence, and *The King's Speech* stands as a rather fitting tribute to its achievements. But there is now a real opportunity for the sole, focused leadership of British film – cultural, creative, commercial, educational and representative – to be brought together in the single entity of the BFI. The challenge is for the BFI to use its new-found clout to inspire and nurture and strengthen British film, and we set out some ideas in our Report which we hope will help in this.

Over the past few months we have been exploring all of these issues, and more. We have received over 300 submissions of evidence. We have met with hundreds of people from all parts of the industry, up and down the country. We've tried to learn about audience ambitions. Our Report seeks to recommend some of the things that industry can do, that Government can do, and that we can all do, in order to reach that position of sustained success for British filmmaking. And film-going.



Left:
Wuthering Heights (2011)

Above:
Happy-Go-Lucky (2008)

What We Know

Recent audience research

A recent evidence-based report¹ of how film contributes to the culture of the UK asked a number of questions about attitudes to British film and the related notions of Britishness of film. Overall, there was strong support for British film and filmmaking with only comparatively minor variations across age, gender and ethnicity. The report reveals that 84 per cent of the population are interested in film and that the public are keen to see more British films made, with 78 per cent in favour of public funding for film.

Most people agree that British film is an important part of British culture but over half of people felt there are too few British films shown. Seventy per cent said that they were personally interested when British film stars or films won awards and over three-quarters agreed that when British films or films stars win international awards, it helps to foster a sense of national pride. People also said they want to see films that are representative of all the Nations and Regions of the UK.

In supplementary interviews respondents described what in their view makes a film British and two elements were dominant: cast ("actors are the thing that make it

most British") and story. Interviewees also highlighted British humour ("a sort of dark humour") and authenticity ("gritty, more like real life") as British values.

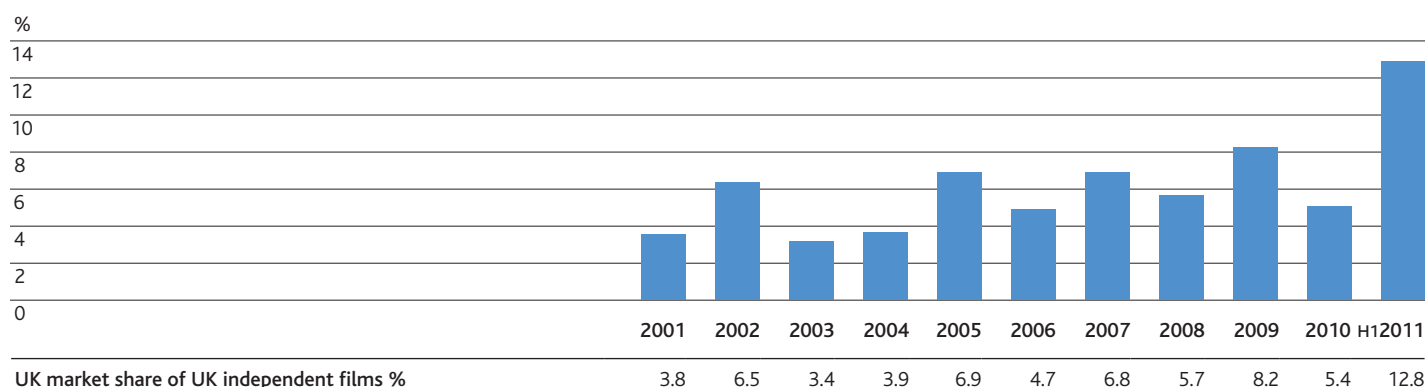
Two recent consumer surveys have supported some of these findings. A survey of over 16,000 Odeon customers revealed that 92 per cent of respondents would like to see more British films released each year. The things respondents expected from a British film were: entertainment (58 per cent), an expression of British attitudes (47 per cent), an accurate portrayal of typically British life (37 per cent), insights into British history (35 per cent), an ideal of British life (20 per cent) and escapism from real British life (11 per cent).

A Lovefilm British Film Survey also suggested a strong level of support for British film. Over eight out of ten (82 per cent) of the 2,000 survey participants stated that it was either "very" (59 per cent) or "quite" (23 per cent) important to support British film. A comparison of British films with those from the USA was explicitly included in the Lovefilm survey. Forty per cent of respondents considered that British films were of better quality than Hollywood films, 45 per cent thought they were of about the same quality and 14 per cent considered that British films were of worse quality than Hollywood films.

Market share of UK independent films

The UK box office share of UK independent films varies from year to year and is highly dependent on the performance of the top two or three titles. The share shows a slight upward trend over the decade to 2010. Top UK independent titles in 2010

were *StreetDance 3D* and *Kick-Ass*. The top UK independent title in 2009 was *Slumdog Millionaire*. Boosted by *The King's Speech*, the box office share of UK independent films increased to 13% in the first half of 2011.



Sources: (1) BFI Statistical Yearbook 2011, p. 15. (2) <http://www.bfi.org.uk/filmtvinfo/stats/H1-2011-Box-Office-Report.pdf>

¹ *Opening our eyes: How film contributes to the culture of the UK* is an evidence-based report on the British public's views on film, prepared for the BFI by Northern Alliance and Ipsos Media CT. It involved a mixture of qualitative and quantitative research, the main element of which was an online survey of 2,036 respondents, representative of the UK population aged 15 to 74 years. The research presents a democratic assessment of film in the UK, outside of expert, critical and industry polls.

Success for British film in 2011

2011 is shaping up to be the most successful year in over two decades for British film at the box office. Oscar® winner *The King's Speech* became the highest grossing independent British film of all time, earning £45.7m at UK cinemas and £266m worldwide. *The Inbetweeners* was a close second, making an extraordinarily successful transition from television to cinema screen with UK theatrical revenues of £45m.

Independent British films' share of the national market continued to increase through 2011, rising to 15 per cent by the end of October, the highest since box office records began. However, UK independent market share continues to depend on the performance of the top two or three titles and *The King's Speech* and *The Inbetweeners* together accounted for almost two-thirds of independent UK film earnings (10 per cent of the total box office).

Between January and October, British films topped the box office charts for a total of 20 weeks, with independently distributed titles holding the number one spot for 10 weeks.

The final chapter of the Harry Potter saga, *Harry Potter and the Deathly Hallows Part 2*, has so far earned more than any other 2011 release, grossing over £73m, the third highest total of all-time at the UK box office (its worldwide takings are £851m). The film brings the curtain down on a franchise which has earned in excess of £440m at UK cinemas alone (£4.7bn worldwide).

The strength of UK talent, facilities, locations and post-production skills were also evident in other collaborations with US studios released in 2011 including *Pirates of the Caribbean: On Stranger Tides* (UK gross £32.9m) and *X-Men: First Class* (£15m).

We also had the critically acclaimed adaptation of John Le Carre's *Tinker Tailor Soldier Spy* which has earned over £14m to date while comedy sequel *Johnny English Reborn* is entertaining audiences and has grossed £20.4m to date. The same production company was behind the documentary *Senna*, which became the highest grossing UK-produced documentary of all-time, earning over £3m.

Another feature of British film success in 2011 has been the diversity of genre, from children's film (*Horrid Henry*) to comedy horror (*Attack the Block*), gritty social drama (*Neds*) and fresh adaptations of literary classics (*Jane Eyre*). *We Need to Talk About Kevin*, adapted and directed by Lynne Ramsay and featuring Tilda Swinton in the lead role, premiered in the Official Selection at the Cannes Film Festival in May. Released in October, it has grossed over £2m to date in the UK.



Left:
The Inbetweeners Movie
(2011)

Above:
We Need to talk about Kevin
(2011)

Executive Summary

The audience for film is at the heart of this Review. We want public policy to be used to maximise audience access to films of every kind throughout the UK. And we recognise that the key to industrial and cultural success of film rests on the ability to connect films with audiences – at the cinema, and on every conceivable digital device ranging from internet-enabled televisions and DVD players to tablet computers and smartphones.

The Review has been undertaken in the context of an extremely challenging economic climate, in the UK and globally. The recommendations in this Review are designed to help ensure that film, as a key part of the creative industries, is one of the sectors which plays a full role in driving growth, creating jobs and stimulating inward investment and exports.

To help achieve this ambition, the Review proposes measures including a policy to secure much deeper engagement with UK film by major broadcasters with increased prominence for British films on all platforms, Joint Venture funding by BFI Lottery money to encourage producers and distributors to work in partnership and a refreshed strategy for investment in creative talent and the skills base, led by the BFI and Skillset.

The whole of the film sector from production to archive is grappling with the opportunities and challenges presented by the digital age. The Review, which spans the entire value chain of film, sets out proposed measures to help ensure that audience access to film can be enhanced by seizing the opportunities presented by digital media, while maximising the value that film delivers to the UK's economy. Proposals range from a Research and Development Fund for digital innovation, to a call for a new model around the Virtual Print Fee (VPF) to assist independent distributors, to accelerated action by Government to reduce significantly copyright infringement and theft.

Film also makes a significant contribution to the richness and variety of cultural life in the UK. Yet the cultural role of film has sometimes been under-valued by comparison with other, more traditional art forms.

This Review proposes a series of interventions, including the development of a UK-wide network for cultural film, a UK Register of films and further strategic investment in archives across the UK which are designed to ensure that the cultural value of film is maximised for the benefit of both today's audiences and future generations.

In a digital age, the ability both to learn about film and to learn from film (in schools, in universities and colleges, or in lifelong learning) could be greatly enhanced. But existing interventions around learning, especially for children and young people, lack cohesion, while engagement with higher education appears ad hoc. To help address this, the Review recommends that a new single offer for education is co-ordinated by the BFI, alongside a far more strategic engagement with Higher and Further Education and lifelong learning.

The BFI, as the Government's lead agency for film, has a key role to play in enhancing access for audiences in the digital era, in helping to drive industrial growth and in assisting film to secure its rightful place at the heart of British cultural life.

This requires the BFI to work hard and fast to ensure that there is an appropriate balance between its new responsibilities for industrial policy and growing the audience for British films of every kind, and its traditional commitment to the development of film culture. This needs to be reflected both in its strategic interventions and its policies for spending the significantly increased amounts of Lottery money which will be at its disposal.

To help ensure that the UK film sector can respond to the opportunities and challenges of globalisation, the Review recommends that the BFI leads on developing a robust and comprehensive international strategy for UK film, focusing on emerging markets as well as existing ones. The British Film Commission should play a key role in helping to develop this strategy. This strategy should also be focused on boosting exports and thereby helping the UK's sales agents to grow their businesses.

To help them make a better contribution to the development of film in the UK, producers need to be empowered to attract more investment into their companies. The Review sets out revised proposals for consideration by the BFI around the recoupment of Lottery funds, both for development and production, designed to help incentivise investment in further films.

The Panel would like to see the BFI lead on the development of a British film 'brand', working closely with distributors and exhibitors on an annual celebration in the form of a British Film Week. This would provide audiences across the UK with access to the full spectrum of British film, giving them a greater insight into its breadth, depth and originality.

The Review team recognised the patchy nature of reliable evidence in some areas of policy. The Review recommends that the BFI creates a Research and Knowledge function, building on existing research and statistical functions, which would facilitate the further development of rigorous, evidence-based policy for film.

In the current economic climate, it is incumbent upon public sector bodies led by the BFI to work together to aggregate funding, to build partnerships for match funding and to actively seek out further sponsorship deals, and build a network of potential philanthropic donors.



Left:
Coriolanus (2011)

The future development of policy for film needs to be inclusive and transparent, and there is a particular need to ensure that the views of stakeholders throughout the UK are fully taken into account. As the Government’s lead agency for film, the BFI has a crucial role to play in ensuring that both policy and delivery are joined-up across the UK and our recommendations regarding the BFI reflect that.

One consistent message from the Review was that the best practice of the Regional Screen Agencies (RSAs), some of which are now consolidated in Creative England, brokered networks of expertise, support and finance for film that would not otherwise have existed. As a result, the quality of Lottery projects has benefitted from being delivered at a local level, because advice, mentoring and monitoring has been better informed and more engaged. The Panel would like to see this best practice continued.

The Panel warmly welcomes the Government’s recent announcement that the Film Tax Relief has obtained EC State Aid approval until the end of 2015 and highlights the importance of this measure, alongside our world-class talent, facilities and locations, in contributing to the success of the UK film industry.



Above:
The Awakening (2011)

Right:
Nowhere Boy (2009)

The unequal distribution of film revenues

The way the film market works, most box office revenues are earned by a tiny minority of films. For example, of 557 films released in the UK in 2010, the top 20 films took 48.2% of the UK box office: £493m out of £1,024m.

The top 100 films took 90% of the revenues. The film business model relies on profits from a few hits covering the losses made on most films released.

Distribution of revenues at the UK and Republic of Ireland box office, 2006-2010	2006	2007	2008	2009	2010
Number of Releases	505	516	527	503	557
Combined gross £m	845.3	933.8	934.5	1,126.7	1,023.6
Top 20 films (% of box office)	48.1	51.2	49.6	48.6	48.2
Top 50 films (% of box office)	71.1	75.7	72.4	72.9	71.9
Top 100 films (% of box office)	88.6	91.0	90.3	91.1	89.7

Source: BFI Statistical Yearbook 2011, p. 12



1. Growing the Audience of Today and Tomorrow: Education. Access. Choice.

Today, the average British person watches over 80 films per year on big and small screens, across a variety of devices and in a range of places and spaces. The British public loves film and film makes a vital contribution to the UK's economy of £4.2bn a year and is a key part of its cultural life.² Growing and developing the overall audience for film throughout the UK, across all platforms, remains an important policy objective in the digital era.

With the help of carefully crafted policy interventions, growth in audiences – at the cinema and in all other media – will increase access and choice and benefit films of every kind. For despite the success of some high-profile British hits in recent years, the audience across the UK still gets to see too few British films, especially independent British films and too few films from the rest of the world apart from ever popular Hollywood blockbusters. This is reflected in the low market share of independent British films at the box-office – which averaged 5.5 per cent between 2001 and 2010, while the average share of foreign-language films in the same period was 3 per cent. Similar patterns exist in other media, including television.

Alongside audience development, film education has a vital role to play in ensuring that everyone has the opportunity to engage with film across the UK. By enhancing the stock of knowledge and information about film, in particular among children and young people, film education can assist in growing the audience of today and tomorrow, ensuring that audiences have an improved understanding and appreciation of the value of different kinds of film, whilst stimulating creativity.

From the introduction of the Eady Levy in 1950 onwards, the history of UK film policy has tended to focus much more on interventions to remedy supply-side market failures than on demand-side interventions. Yet the distribution and exhibition of independent film in particular suffers from market failures, in addition to those affecting the production of culturally British films.³

Audiences have “imperfect information” about the full range of films available at the cinema because the high costs of effective marketing and promotion puts smaller companies at a disadvantage. We have heard that there may be difficulties for independent distributors in securing access to, or prominence on, some major platforms in the emerging digital download and streaming market. We also understand that independent distributors have concerns about their access to the BSkyB pay-TV platform. Such issues may act as a constraint on the ability of independent distributors to invest resources in cinema releases and in acquiring rights.



Left:
Never Let Me Go (2011)

² http://www.ukfilmcouncil.org.uk/media/pdf/i/r/The_Economic_Impact_of_the_UK_Film_Industry_-_June_2010.pdf

³ In order to be certified as a British film the BFI must be satisfied that the film passes the Cultural Test. See <http://www.bfi.org.uk/about/certification>

As a consequence, audience choice in a variety of media is more limited than it would otherwise be, there is a negative effect on innovation, and the growth of the market for film in the UK is hindered. These challenges have a particularly significant impact on audience access to British films, since most independently produced British films, both new and old, are handled by independent distributors. In addition, the theatrical marketplace, in particular, is increasingly crowded and it is much harder to secure and retain audience attention both for new films and rereleases, simply as a result of the volume of material entering the marketplace.⁴

It was for these reasons, among others, that the Panel put the audience at the heart of its work, and developed a series of recommendations which are intended to increase audience choice across the UK and grow the demand for British and specialised films in the UK and overseas to the benefit of the entire UK film sector. These measures complement the policy measures to support

the production of low and high budget culturally British films, and help ensure that those films reach appreciative audiences and stimulate cultural awareness and creativity.

The BFI was asked to lead on developing a set of recommendations specifically around audience development and film education, and that work has been complemented by the results emerging from the online consultation and the detailed deliberations of the Panel.⁵ Measures to enhance audience access to a broader range of British and specialised film are embedded throughout this Report, with specific recommendations around audience development and film education contained within this chapter. Elsewhere, the chapter on broadcasting outlines measures by which broadcasters can contribute to audience development by screening a broader range of films and engaging more effectively with film culture, while the chapter on international strategy contains recommendations designed to grow the audience for British film beyond the shores of the UK.

Exhibition opportunities

While most cinema screens in the UK are located in multiplexes owned by the main chains (eg Odeon, Cineworld, Vue, National Amusements, Ward Anderson), there are 301 independent single venue exhibitors and 904 traditional and mixed-use

screens. Many of these are in town centres, small communities and rural areas. To ensure cinema access throughout the UK continued investment is necessary in digitisation, maintenance and development of small-scale cinemas.

Nation/region	Multiplex	% Multiplex	Traditional and mixed use	Total
North West	385	89.7	44	429
Yorkshire and The Humber	211	83.4	42	253
North East	93	82.3	20	113
Northern Ireland	153	81.8	34	187
East Midlands	156	77.6	45	201
Wales	147	77.4	43	190
West Midlands	241	77.2	71	312
Scotland	248	76.3	77	325
East of England	176	75.2	58	234
South East	388	73.2	142	530
London	370	65.4	196	566
South West	189	60.2	125	314
Others*	10	58.8	7	17
Total	2,767	75.4	904	3,671

Source: BFI Statistical Yearbook 2011, p. 88. *Others include the Channel Islands and the Isle of Man

⁴ Some 557 films were released for one week or more in the UK and the Republic of Ireland in 2010, according to the BFI's Research and Statistics Unit. By comparison, in 2000, the number of films released in the UK (only) was 383.

⁵ The BFI also led on developing recommendations for the Screen Heritage chapter in this Report.

Conclusions and Recommendations

The consultation endorsed a strategy that supported both new and traditional ways of watching films. Audience consumption patterns for film are changing rapidly, and today there are films for which cinema may not be the right medium and which will never get access to screens. These shifts should be addressed through the stimulation of and support for innovative distribution and audience development models to maximise consumer choice and experience.

The consultation also supported the idea that education and learning have a key role to play, not only in developing the next generation of audiences and filmmakers, but in making film central to the cultural life of the UK. Unlike other art forms – literature, theatre or music for example – film has yet to find its rightful place in education and in lifelong learning programmes. It was felt that every child and young person in the UK must have the opportunity to see a wide range of films, and have opportunities to learn

about and to make their own films. This feeds audience development but also has wider cultural, educational and social benefits. It was noted that education in schools can be utilised also as a means to engender greater understanding and respect for the value of intellectual property among young people.

A comprehensive strategy for audience development, delivered in tandem with a complementary strategy for film education, will help to put film at the heart of the UK's cultural life, while assisting audiences to develop a lifelong appreciation of the widest range of British and world cinema, and help nurture and inspire the filmmakers of tomorrow.

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.

The Panel and respondents to the consultation believe that investment is being made in British films which are being seen by too small a percentage of the UK public; and that we have one of the world's greatest film heritage collections, little seen by UK audiences. The Panel identified a need for an initiative which brings the whole industry together to back a powerful campaign for British film, increasing UK audiences and the international profile of British film. Such a campaign should work with the possibilities that convergence offers, and seek significant partners such as VisitBritain and support the work of key stakeholders including the British Film Commission and the UK's sales agents. The proposed initiative would deliver significant benefits to audiences and to the film industry and would contribute to stimulating an interest in film culture and education throughout the UK.



Left:
*Harry Potter and The
Philosopher's Stone* (2001)

2. The Panel recommends 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 ongoing series of British film days.

In the consultation there was discussion of the need to have 'big screen' as well as virtual and small screen experiences of film – whether film clubs, festivals, 'pop ups', rural community venues or digitally equipped modern cinemas – and a desire for greater parity outside central London. The BFI should recognise the cultural and commercial importance of the communal film experience. Such a network could offer 'halo' support to the wide range of rural and remote small-scale venues that would allow geographic reach across the UK. Creative England, the companies formed from the RSAs, the Cross Art Form Venues Network (CAVN) and the National Screen Agencies (NSAs) could all be partners in such an initiative.

3. The Panel recommends the BFI should put in place a strategy which develops a UK-wide film network, based on the existing 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.



In addition to the points above, the Panel received overwhelming testament to the valuable role played by film in our communities in a number of key ways: as a means of drawing communities together through their mutual enjoyment of cultural experiences; as a means of enriching a sense of local identity through locally produced content or content featuring local subjects or interests; and as a catalyst for social action across other agendas locally and regionally. Film has a key role to play in social action – engaging people of all ages and backgrounds in their communities and enabling them to address the issues they face. The Panel has identified a number of case studies, including work in CAVN locations, which demonstrate the power of film to add value to local communities.

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 for film 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.

This strategy should aim to connect pockets of good practice, where film is already being used to support community initiatives. Through linking support, advice and funding sources, the aim must be to encourage greater efficiencies between local projects through sharing information and resources. These frameworks should be designed to become self-sustaining and self-supporting – connecting different communities through the medium of film, providing increased opportunities for people of all backgrounds, particularly for those who are economically disadvantaged, encouraging them to explore film in all its richness and potential.

Left:

Arthur Christmas (2011)

Local partnerships will be integral to delivering best value and the BFI should work closely with Creative England and the National Screen Agencies to reflect the diversity of the UK.

The consultation also suggested that small-scale and rural cinema initiatives have a role to play in audience development strategy, and that there are potential new sources of funding to support this.

5. The Panel recommends that the Big Lottery Fund 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 even further.

It was clear that film festivals form an important element of audience development. But work needs to be done to understand the role of local festivals and their relationship to international festivals in the UK. Online and simultaneous transmission elements of festivals should be assessed for their potential to enhance reach.

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.

Film education, for all types of learners, was championed in the consultation with strong support for delivering a clear and comprehensive offer across the UK. It was proposed that the existing Film: 21c Literacy strategy is built on to deliver a 10-year vision for film education ensuring there is a link to audience development. Some exemplary work is undertaken by BFI Education, FILMCLUB, Film Education and First Light, and by cinemas, festivals and archives in delivering formal and informal education, bringing film alive for educators and learners. But many respondents also appeared confused by the multiplicity of offers. There was a strong feeling that a much greater number of people could experience film education more easily if the offer could be consolidated and its film programme curated.

The digital revolution will radically change the way that teachers and learners access information and a one-click solution could provide access to resources, no matter where the learner is in the UK. There is real concern that the Department for Education (DfE) may be seeking to withdraw its support for film education and we received a strong message that it must continue to support this area of learning.

Left:
Lawrence of Arabia (1962)

Right:
Slumdog Millionaire (2009)



7. Building on the success and expertise of current providers, the Panel recommends 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, DfE and industry bodies in partnership with the DfE and the respective education departments for Devolved Administrations (DAs); and with industry bodies.

It was noted that some curricula already allow a wider range of subjects easily to be combined but that in general students were driven to either arts and humanities, or science courses. This was not in step with the kinds of skills and talents being sought by cutting edge, creative film companies or in the competitive arena of post-production and special effects.

The Panel recognises that it is vital to the success of the creative industries in the UK that pupils in secondary schools are made aware of the importance of studying arts and science in tandem rather than being pushed to choose between them. The Panel believes it is the synergy between these subjects that is crucial to the development of expertise in many of the creative sectors and especially in film. The Panel would like to see DfE building on proposals in *Next Gen*, the Review by Ian Livingstone and Alex Hope undertaken for the National Endowment for Science, Technology and the Arts (NESTA) at the request of the Minister for Culture, Communications and Creative Industries. It would also like to see a similar development of any related proposals in the forthcoming independent Review of Cultural Education conducted by Darren Henley for the Department for Culture, Media and Sport (DCMS) and DfE.⁶ This would also involve consulting with the education departments in the Devolved Administrations on ways that any proposals from both these reports could be integrated into the curricula for their respective Nations.



Left:

Pride and Prejudice (2005)

⁶ *Next Gen: Transforming the UK into the world's leading talent hub for the video games and visual effects industries*, www.nesta.org.uk/library/documents/Next-Gen32.pdf. For details of the Henley Review see: http://www.culture.gov.uk/news/news_stories/8041.aspx

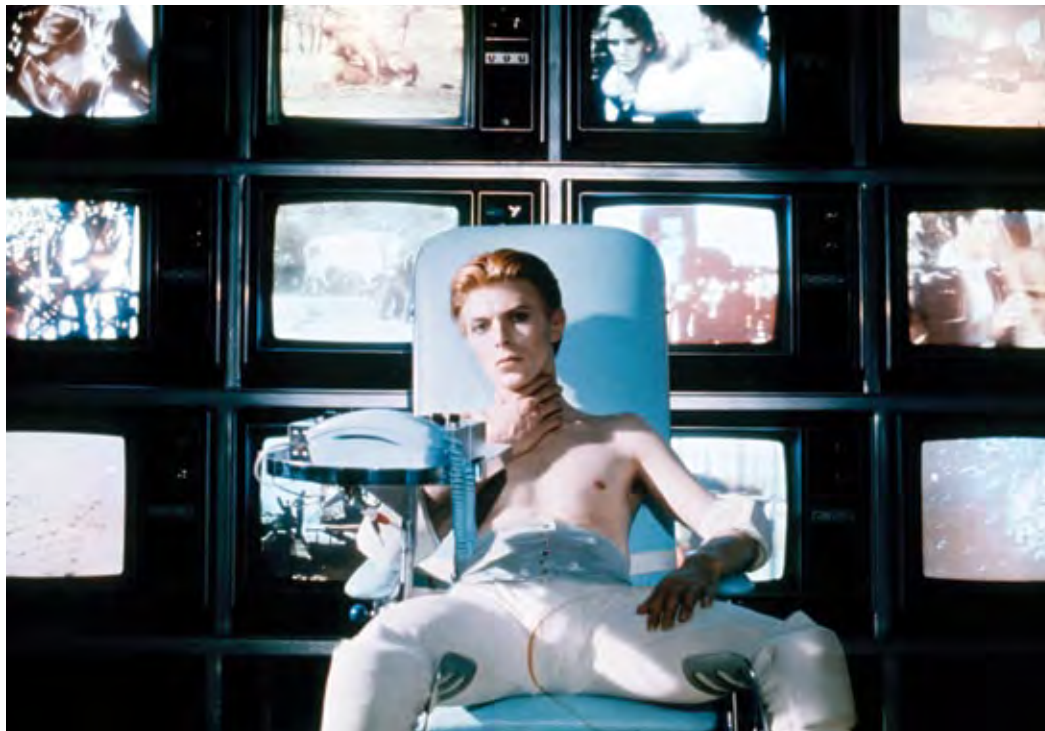
2. Digital and Future Readiness

Technological change is transforming the shape of the creative industries at an extremely rapid pace. This presents both huge opportunities and challenges for the film sector. As John Adams, Professor of Film & Screen Media Practice at the University of Bristol, points out, "digital technologies create the possibility of a paradigm shift in the creative and commercial potential of film".⁷

Films are already available on multiple platforms at users' convenience. They carry an increasingly rich stream of metadata. Feature-length productions may still be the norm in cinemas but they are increasingly complemented by a wide array of other forms of moving images available via streaming sites. Transmedia storytelling, in which a narrative unfolds across different platforms, is becoming increasingly common.

There is a strong public appetite to engage with film, not just as consumers, but as producers, curators and critics. The development of social media has been a powerful tool in this. Technological advances will allow faster access to audiences and more direct relationships between filmmakers and audiences; and analysts now believe that new devices that make it easier to watch internet video on television will accelerate the shift to on-demand movies.⁸

However, film needs to be able to compete with other content in the digital environment. According to the British Video Association, "the single biggest problem currently facing the film industry is falling revenues".⁹ The challenge for the industry is to replace lost revenues from the collapsing DVD-based ownership model in a marketplace that is shifting away from physical media. Counterbalancing this is the huge opportunity presented by the digital revolution. The film industry is seeking revenue models to capitalise on what audiences are willing to pay for films (and related games, apps and other media).



Left:
The Man Who Fell to Earth (1976)

⁷ Prof John Adams, 'UK Film: new directions in the glocal era', 2011.

⁸ 'Online movie services gear up for the turf war', *Financial Times*, 25 November 2011.

⁹ British Video Association, Submission to the Film Policy Review, 2011.

The mobile (3G) film viewing market is still also relatively undeveloped, with only 16 per cent of adults reporting having used such services in 2011.¹⁰ With average download speeds of only 2.1Mbit/s many people find it impractical to access films directly from their mobile devices and instead transfer films to their mobiles after having downloaded them online.¹¹ This level of complexity acts as a barrier for many potential users of such services. However, films can easily be downloaded to smartphones in the home using Wi-Fi.

The industry is now showing signs of responding to such challenges through initiatives such as Ultraviolet and the growing number of legal online offerings from Apple, Blinkbox, Lovefilm and others.¹² These and other content providers are becoming available on games consoles, and 2012 will see the UK launch of Google TV – providing a range of internet video services – and YouView, a joint venture between the four Public Service Broadcasters, Arqiva, BT and TalkTalk. Despite the commercial opportunities that technological progress has brought across the value chain, however, business models are changing relatively slowly.

There are many reasons for the slow progress but, as with the music industry before it, the fear that new distribution technologies will cannibalise established revenue streams has inhibited change. This contrasts with areas like the performing arts, where digital technologies are seen as a valuable complement to the live experience, not a substitute for it. Distribution experiments involving the rapid release of British films across multiple platforms have been relatively few and far between, and in those few instances where experimentation has occurred (for example, *Road to Guantanamo* and *Route Irish*) the lessons learnt have not been made available to the wider sector. This is also the case with digital marketing, where British distributors have been more innovative (*Four Lions* and *StreetDance*). The knowledge gained from these experiments remains hidden, even though they all received public funding.

In 2010 the UK Film Council proposed the establishment of an Innovation Fund to provide support for activities, including getting films to audiences and the development of innovative business models.¹³ However, the subsequent abolition of the organisation meant that this fund never became operational.



Left:
The Chronicles of Narnia: The Voyage of the Dawn Treader
(2010)

10 Ofcom, Measuring Mobile Broadband in the UK, May 2011.

11 Ofcom, Communications Market Report: UK, August 2011.

12 For details of Ultraviolet see <http://www.uvu.com/>. Details of digital services available in the UK can be found at: http://www.bva.org.uk/files/u1/Video_Entertainment_map_updated_9th_January_2012.pdf

13 UK Film: *Digital innovation and creative excellence*, April 2010.

Conclusions and Recommendations

As is the case with the wider arts and cultural sector, there is a pressing need for a structured exploration of how film businesses can use digital technologies to deepen audience engagement and create new revenue models. The uncertainty surrounding issues such as audiences' preferences, their willingness to pay, and intellectual property rights are inhibiting the development of new business models across the British film industry. Research and Development (R&D) initiatives – by generating hard data and evidence – can significantly help to reduce these uncertainties when the knowledge they generate is made public. The publication by NESTA of the outcomes of the National Theatre's NT Live initiative could serve as a template.¹⁴

Respondents to the Panel's call for evidence listed conservatism as the main obstacle to change in the British film industry. This applies as much to digital innovation as to any other activity and highlights the need for public money to support risk-taking in areas where the private sector considers the risks too great. Public intervention in this sphere should be focused on supporting businesses that experiment with making British films more widely available to audiences and on ensuring the lessons are shared with the broader sector and the creative industries as a whole.

The British independent film industry has a world-leading reputation for *creative* experimentation but traditional film funding structures – both private and public – have not lent themselves to *commercial* experimentation. A digital R&D fund for research-led experiments with new business models, the results of which are shared with the sector, would play an important role in boosting innovation across the British film sector.

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

This is consistent with the European Parliament's recent resolution to support the digitisation of EU cinema, and in particular its focus on "the new opportunities offered by digital technologies in terms of distribution, screening and availability of films".¹⁵

Most film businesses would readily acknowledge the benefits of trialling new business models, but as the benefits of experimentation – the knowledge created about what works and what does not – are spread widely, few firms will be willing to bear the risks on their own. This situation is arguably perpetuated in industries such as film which have fragmented structures and large numbers of small companies. The public sector has an important leadership role to play. Also crucial are partnerships between British film businesses and innovative companies in the wider digital sector that can exploit the latest technological developments.

In the context of British film, that leadership (and funding) role most naturally falls to the BFI, supported by prominent industrial and cultural champions from across the value chain (including from digital platforms) who can advise on the design of the fund and its thematic priorities. These champions should play an essential role in ensuring the fund is credible, promoting it to the sector and actively encouraging businesses to engage with it.

NESTA, with its experience of managing the Digital R&D Fund for Arts and Culture and its wider capacity for conducting research and running innovation programmes, is well placed to be an active partner.¹⁶ Arts Council England, which has its own programme of work on digital innovation, could also play a valuable and complementary role. The Research Councils, and in particular the Arts and Humanities Research Council (AHRC), should be approached to support the fund's research functions.¹⁷

As with the Digital R&D Fund for Arts and Culture, it makes sense for funding to be distributed to film businesses on a grant basis while the fund is being piloted, but alternative funding structures involving an equity component should be considered if the pilot is successful and future rounds of R&D funding take place. The eligibility criteria for a digital R&D fund for film should be more open than is typically associated with film funds, and should also connect film businesses with researchers in British universities.

¹⁴ http://www.nesta.org.uk/home1/assets/features/nt_live

¹⁵ EU Media Flash Message 54/2011, 16 November 2011.

¹⁶ This fund is a partnership with Arts Council England and the Arts and Humanities Research Council.

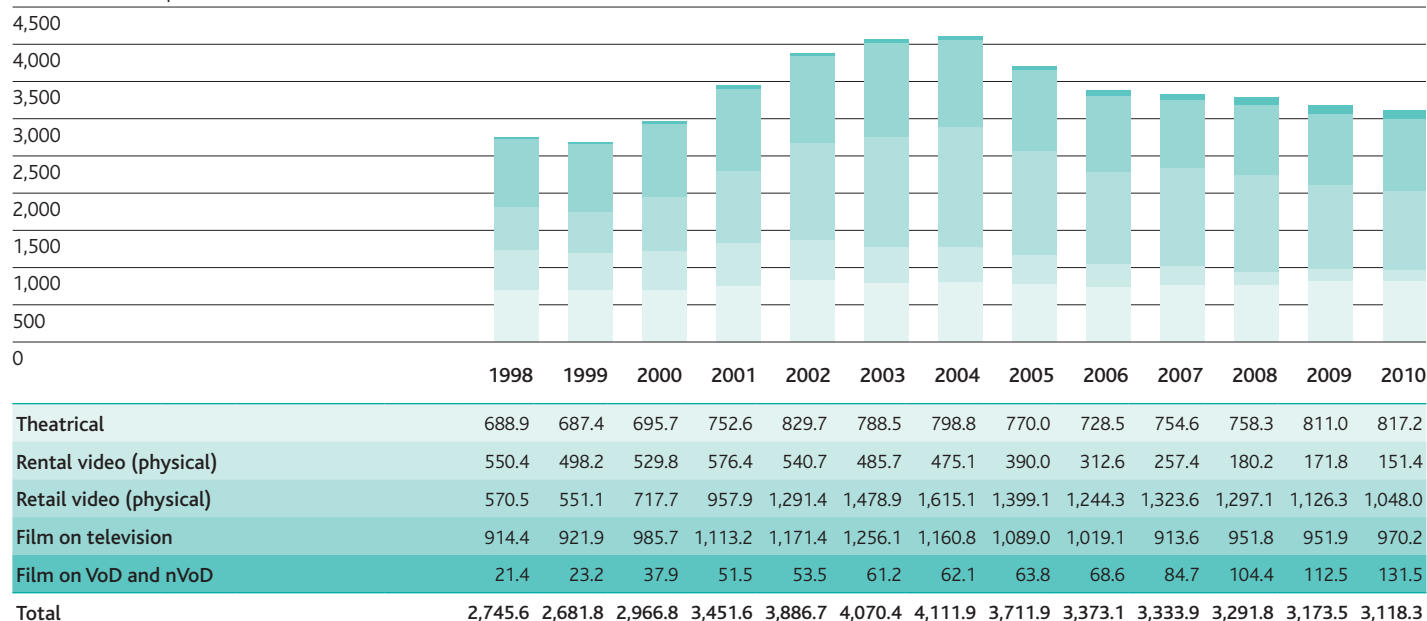
¹⁷ The involvement of the Economic and Social Research Council (ESRC) would also add value to the project, and should be explored by the BFI and NESTA.

The digital challenge

Since 2004, real (inflation adjusted) film revenues in the UK have fallen. This is mainly due to the decline in DVD retail and rental revenues. Digital revenues are growing but not nearly enough as yet to compensate for falling traditional revenues.

The challenge for the next decade is to build a viable digital business model for film, to supplement earnings from cinema and television.

Gross inflation-adjusted film revenues, all platforms, 1998-2010, expressed in 2005 pounds
£ million in 2005 pounds



Source: BFI Statistical Yearbook 2011, p. 124.

Copyright infringement and theft is, of course, one of the major factors behind declining revenues. The creative industries, including film, make the biggest use of copyright and design by contributing over £36bn to the economy, supporting 1.5 million jobs.¹⁸

To maximise this important contribution to the economy, and to further economic growth, an effective strategy for significantly reducing copyright infringement and theft is vital. In the case of the film and television industries, studies have indicated that over 10 per cent of UK adults access infringing content online and that unlawful downloading costs these industries over £535m per year in the UK.¹⁹

However, Professor Ian Hargreaves' *Review of Intellectual Property and Growth*, published in May 2011, noted that reliable data about scale and trends concerning copyright infringements across the creative industries is surprisingly scarce and recommended that high-quality evidence is used to drive forward policy.²⁰ The Panel notes that the Government's response accepted this recommendation and that the Intellectual Property Office (IPO) is about to produce guidance on what constitutes open and transparent evidence.²¹

Although there is doubt about the quality of some evidence across the creative industries relating to copyright infringement and its impact, there is a strong degree of consensus that it is a real challenge for the film industry. Many responses to the Panel's call for evidence wanted more effective enforcement in relation to such infringement and theft and proposed a significant role for Government in this. There were also suggestions for greater engagement with those consumers who are accessing content in an unlawful way, and an emphasis on the need to develop new business models and additional educational initiatives to encourage greater legitimate consumption.

The Panel agrees with the view of the Film Distributors' Association that: "A robust and effective Government stand against Intellectual Property (IP) theft is vital, as the confidence that investments will be protected is in itself a key driver of the creative industries. Promoting a clearly understood and consistently applied respect for intellectual, as well as physical, property in our society remains an urgent priority for industry and Government alike."²²



Left:
War Horse (2012)

18 Department for Culture, Media and Sport (2011) creative industries Economic Estimates
<http://www.culture.gov.uk/images/research/Creative-Industries-Economic-Estimates-Report-2011-update.pdf>

19 Ipsos Media CAT (2009) GB Movie and TV Piracy 2009.

20 <http://www.ipo.gov.uk/ipreview-finalreport.pdf>

21 <http://www.bis.gov.uk/assets/biscore/innovation/docs/g/11-1199-government-response-to-hargreaves-review>

22 Film Distributors' Association, Submission to the Film Policy Review, 2011.

A key element to addressing online copyright infringement is the relevant provisions in the Digital Economy Act (DEA), which the Government is intending to implement as soon as possible.²³ Under the DEA the rights-holder informs an Internet Service Provider (ISP) of potential infringements and the ISP informs the relevant subscriber but takes no further action. The rights-holder can obtain a copyright infringement list from the ISP which contains anonymous details of subscribers who have reached a certain threshold for the number of times they have been associated with an IP address in relation to potential infringements. Rights-holders, if they obtain a court order requiring the relevant ISP to comply, can then identify subscribers on the list and potentially initiate court proceedings against them.

The Panel welcomes the DEA measures and the requirement for Ofcom to report regularly to the Secretary of State on their impact, and recommends that the Government implement these as quickly as possible.

The Panel understands that there are a number of similarities between the UK system and the agreement reached in the United States, in July 2011, between ISPs and rights-holders to develop a 'Copyright Alert System'.²⁴ The Panel believes that if it is possible for a voluntary agreement to be reached with the ISPs in the US, then UK ISPs should play their full part in ensuring that measures in the UK to tackle copyright infringement, including the DEA provisions and other initiatives, work effectively.

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.

Although many of the consultation responses suggested there needs to be a greater level of enforcement of IP rights, there was also a clear call for a greater understanding of the motivations for unlawful downloading and an exploration of potential new ways to engage audiences. As the British Screen Advisory Council (BSAC) put it in their submission: "It is increasingly important that content is made available across multiple platforms for a reasonable price in order to counteract piracy."²⁵ The Panel is particularly keen, therefore, that the proposed R&D fund for film examines how different distribution models could affect levels of copyright infringement, including the impact of the theatrical windows, on the release of independent films.

The Panel believes that a focus on tackling websites sharing content unlawfully, while very important, needs to be complemented by other measures as part of an overall strategy designed to reduce significantly infringement and theft. This was also reflected in the responses to the consultation questionnaire. We note the excellent work undertaken by the Industry Trust for Intellectual Property Awareness in highlighting the role and value of copyright. This has been funded by stakeholders including those from production, exhibition, distribution and retail. We are also impressed by the similar work undertaken by the industry-funded organisation Film Education.

23 Sections 3-16 of the DEA are currently the subject of an Appeal by BT and TalkTalk in relation to an earlier Judicial Review in the High Court.

24 <http://www.copyrightinformation.org/alerts>

25 BSAC, Submission to the Film Policy Review, 2011.

Broadband access to film

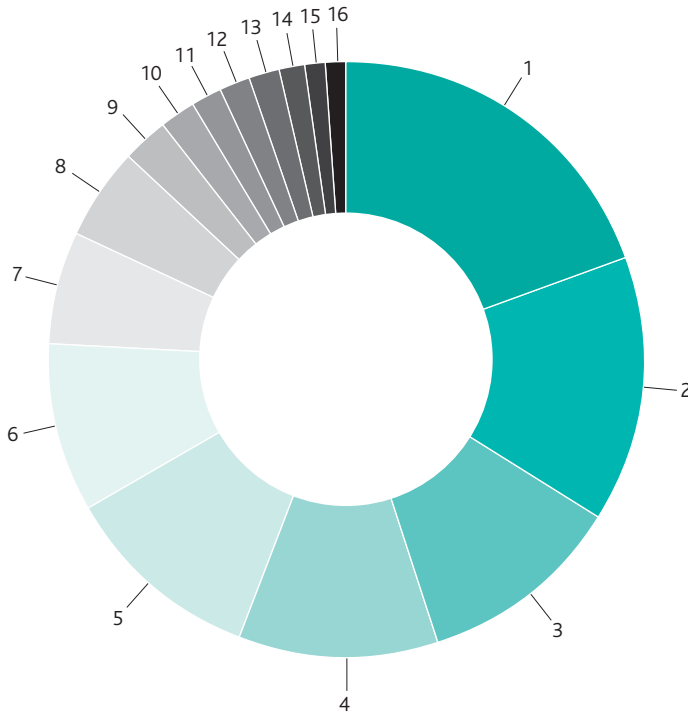
In 2010, the average UK broadband speed was 6.2Mbit/s, which means that on average it took between 15 minutes and one hour to download a feature film (depending on the length and data-density of the film). The UK market for online video-on-demand

(VOD) film grew to £41m in 2010, but legal download lagged all other methods of film viewing including piracy. Improving UK broadband speeds could make an important contribution to growing the legal online market for film in the UK.

Share of film viewing by platform

Platform	% share of film viewing
1 Live television	19.5
2 Recorded from television	14.5
3 Cinema	11.1
4 Subscription TV/Sky	10.9
5 Receive DVD gift	10.8
6 Buy DVD	9.0
7 Rent DVD	6.2
8 Catch-up TV/iPlayer	4.9
9 Piracy P2P	2.5
10 Buy Blu-ray disc (BD)	1.9
11 Online streaming	1.9
12 Pay-per-view TV	1.7
13 Receive Blu-ray disc (BD)	1.6
14 Rent Blu-ray disc (BD)	1.3
15 Piracy cyberlockers	1.1
16 Legal download	1.0

Source: BFI Statistical Yearbook 2011, pp. 117-118.



The Panel notes how industry-backed education initiatives have evolved from focusing on the unlawfulness of copyright infringement and theft to promoting the value of copyright. The Panel believes that there are also opportunities for public bodies (over and above their existing work with the Industry Trust) to embed such messages and approaches in their cultural education initiatives, including those that may result from Darren Henley's review on Cultural Education and, as recommended by the Panel, the BFI's new offer for film education.

As well as educating consumers on the value of film and other forms of creative content and encouraging them not to download unlawfully, the Panel believes that some consumers may be unknowingly doing so. This could be due to the emergence of websites which offer similar functionality to legitimate commercial sites, as they contain advertising by leading brands and accept commonly used payment methods. That is why we support the work (see Recommendation 11) being undertaken by the industry to make it less attractive to operate websites that allow or promote copyright infringement. Adopting the US proposals for notifying persistent downloaders of the unlawfulness of their actions might also help.

Another way to tackle this issue is to make it easier for the audience to find legal sources of film content. An example is the website www.findanyfilm.com, created by the UK Film Council and now led by the BFI, and the Panel calls upon the Government, the BFI and industry to promote this and other similar new business models to facilitate access to film in a digital era.

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

The Panel received a number of consultation responses that highlighted film industry concerns that the implementation of the DEA would not go far enough to tackle copyright infringement and theft. One area of concern is that the DEA provisions which the Government intends to implement will only cover the illicit use of Peer-to-Peer (P2P) sites and will not apply to websites and streaming services promoting or allowing copyright infringement. However, the Panel believes that the recent ruling by a High Court judge requiring BT to block subscriber access to the NewzBin2 website does show that it is possible for rights-holders to apply for an injunction to require ISPs to block access to specified sites.²⁶

The Panel also notes the work involving right-holders across the creative industries and internet intermediaries (which includes ISPs, search engines, payment facilitators, and online advertising bodies) to make it less attractive for websites that promote or allow copyright infringement to operate.

26 http://news.bbc.co.uk/1/shared/bsp/hi/pdfs/28_07_11_bt_newzbin_ruling.pdf

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.

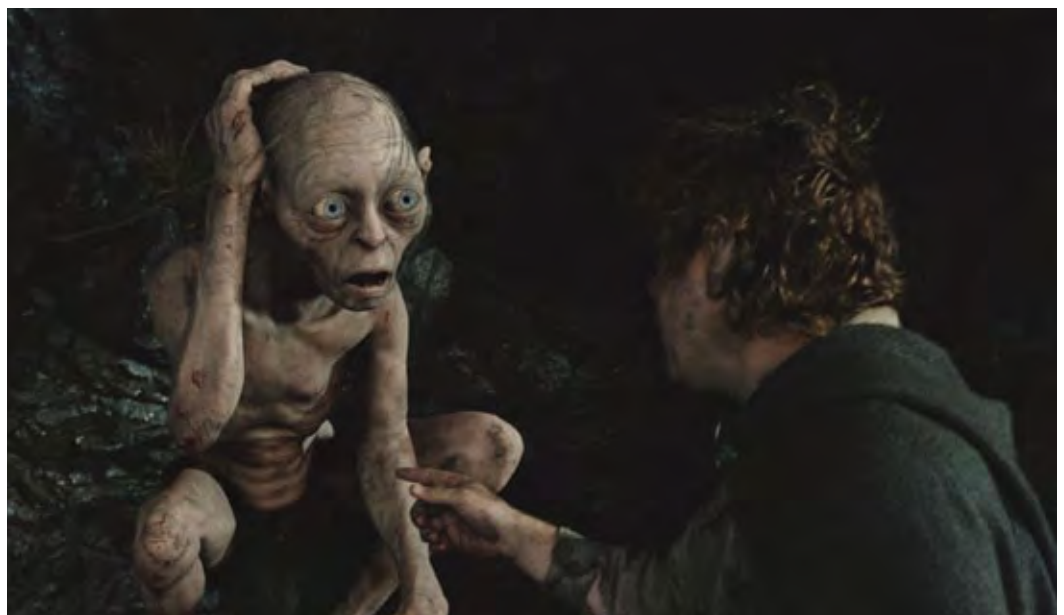
The Panel welcomes some of the proposals in the Hargreaves Review, and in the Government's response to it, as the creative industries have great potential for growth, and protection of IP is a key ingredient in ensuring that this is realised. The Hargreaves proposals may also help to facilitate easier licensing for educational use of film material in the classroom, in further and higher education, and should also help to promote screen heritage (see page 75).

However, the Panel understands there are a number of concerns from film industry stakeholders about the conclusions of Hargreaves and the Government's response to them. Responses to our consultation outlined concerns around how the proposed Digital and Copyright Exchange will work in practice. In particular, there is a need to take into account the varying natures of the different creative industries, and how any such Exchange could impact on the existing licensing arrangements for film. There were also concerns about the proposals for new copyright exceptions and how this may have a negative effect and lead to the potential loss of revenue to film rights-holders.

Given that these proposals are in the process of being considered by Government, the Panel is not in a position to assess how far they will affect the film industry but we ask that Government takes account of industry concerns in its consideration of the proposals.

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.

Right:
The Lord of the Rings: The Return of the King (2003)



The Panel also recognises the huge opportunities presented by social media for both industry and audiences. By engaging with audiences through social media it is easier to determine what people want, how they want to access it, and what they are prepared to pay – price-points for paid-for services being one crucial area of exploration when looking to combat copyright infringement and theft.

Interoperability issues must also continue to be addressed, so that devices can connect to one another to the benefit of the user. The development and uptake of cloud storage must not be hindered by rights issues that end up driving consumers towards more easily manageable but unlawful options. As one respondent put it, "There is a new, digitally literate audience looking for new types of content in new places. The continued increase in online and pervasive media platforms that disrupt traditional distribution and exhibition routes will place demands on the industry to adapt and innovate."²⁷ There are clear opportunities for increasing audiences and global revenues across digital media devices platforms of all kinds with the potential rewards for success being huge.

The Panel therefore recommends that rights-holders and retailers more actively take advantage of the growing consumer demand for access to films online via a broad variety of devices. A wider range of business models could be explored, recognising that there are opportunities for the private sector to use cloud-based facilities and for copyright owners to make their material legitimately available in an increasing number of different ways.

Finally, the Panel welcomes the Government's ongoing commitment to rolling out superfast broadband across the UK, and notes that substantial investment in this area is necessary to help the UK film sector maximise both audiences and revenues.

Right:
Monsters (2010)



27 Steve Mapp, Broadway Cinema, Nottingham, Submission to the Film Policy Review, 2011.

3. Films on the Big Screen

The economic contribution of the cinema exhibition sector – both to the film industry and the wider economy – is well documented. Industry investment and popular films have been responsible for the recent success of the UK exhibition sector, with 169.2 million admissions in 2010 and £1.2bn generated in revenue. The theatrical window also drives significant film income across subsequent release platforms.²⁸

However, the value of the sector needs to be understood in social and cultural as well as economic terms. Alongside local libraries and post offices, cinemas offer a communal space, enjoyed by a wide cross-section of local residents, particularly in deprived and rural communities.

In many areas, local cinemas also provide an opportunity for the public to play a more active role in their communities. The British Federation of Film Societies estimates that there are 550 community cinemas in the UK, involving volunteers operating in inner cities, small towns and rural areas.²⁹

The Digital Funding Partnership, established by the Cinema Exhibitors' Association but now an independent entity, has ensured that smaller operators have been able to convert to digital. The rate of conversion is such that, by the end of 2012, it is estimated that as many of 90 per cent of UK screens will be digital, with conversion of the entire UK commercial cinema estate forecast by mid-2013.³⁰ In turn this has helped drive the rapid digitisation of the independent distribution sector at a pace far greater than in many other countries.

Much work has been done in providing alternative content in cinemas (including National Theatre Live, operas, sports, even church services). Increasingly sophisticated technology allows cinemas to build events around screenings and give audiences an ever richer experience. Cinemas and mixed arts venues are increasingly embedded in the cultural planning of towns and cities throughout the country. Exhibitors also play a crucial role in providing screening space during festivals across the UK.



Left:
Gangs of New York (2002)

Right:
Chariots of Fire (1981)

28 This figure includes net box office receipts, net concession revenue and screen advertising receipts. Statistical Yearbook, BFI (2011).

29 BFFS Annual Survey of Community Cinemas (2010).

30 Cinema Exhibitors' Association data.

The success of initiatives such as the UK Film Council's Rural Cinema Pilot Scheme, Secret Cinema, pop-up cinemas and other event-based screenings also point to a diverse exhibition sector which is providing enriched audience experiences beyond the four walls of traditional auditoria.³¹

In addition, innovative industry-led initiatives and the Cross Art Form Venues Network, a new open-access not-for-profit digital network for film, media and the arts, underline the way in which exhibition across Britain is undergoing rapid modernisation, which in turn is creating opportunities for audiences to enjoy a much broader range of content.

But with the definition of film becoming increasingly blurred, there are an increasing number of works that will never reach a cinema screen or for which the cinema

might not be the preferred or most ideal destination. Audiences are also increasingly demanding access to film content in different ways, and exhibitors, like much of the industry, are still coming to terms with the challenges posed by the digital revolution and the associated changes to consumer habits.

Even so, the cinema experience continues to be of great significance in the life of a film. Audiences attach a special value to the collective experience, while industrial logic still dictates that a successful box office run will lead to the maximisation of revenue streams in other media.

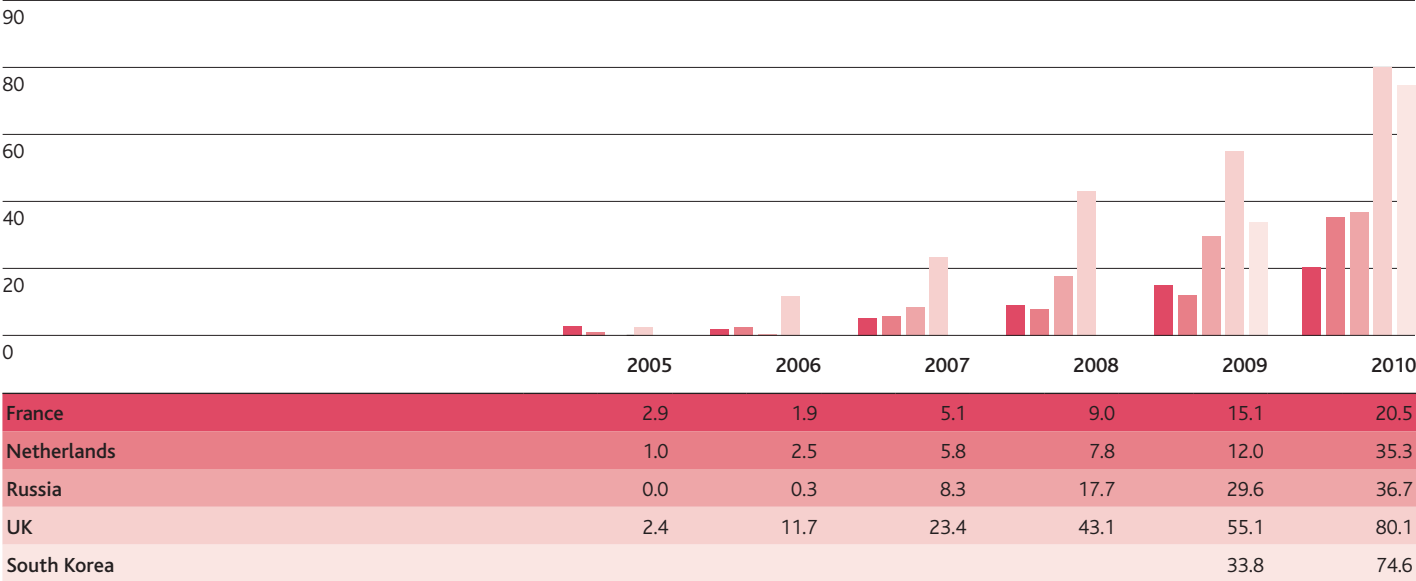
As audiences move their attention increasingly online, the need to maintain and strengthen the big screen experience, whilst also encouraging new business models, is fundamental to the future health of the industry.

Digital exhibition grows rapidly

Kick-started by the UK Film Council's 'Digital Screen Network' and followed by large-scale private sector cinema investment, digital exhibition in the UK has grown rapidly in the last four years. In 2010, nearly 40% of the UK's screens were digital

and 80% of cinema releases in the UK were in digital format. The proportion of films released digitally was more than twice that of France and greater even than South Korea.

Percentage of theatrical releases in digital format, by country
%



Source: IHS Screen Digest, Manice, NevaFilm, CinemaDigitaal, DCK. 2k digital format only. Data for South Korea not available before 2009.

31 <http://www.ukfilmcouncil.org.uk/rural>, <http://popupcinema.net/> and <http://www.secretcinema.org/>

Conclusions and Recommendations

Submissions to the Review indicate that by far the most important issue relating to the exhibition sector is the need to increase access to a wide range of British and specialised film across the whole of the UK.³²

In addition to the recommendation for a programme to provide support to local societies in village and community halls (see page 15), the Panel has identified a number of measures to address this requirement.

Virtual Print Fee

From discussions with stakeholders, the Panel recognises that the Virtual Print Fee (VPF) mechanism, which has enabled the industry to finance digitisation across a large part of the UK's cinema estate will, if unchecked, have a continuing and detrimental impact on independent distributors and smaller exhibition venues. It is already having a negative impact on their capacity to make available British and specialised films to audiences across the UK. Independent distributors point out that their financial model was based on the repeated use of 35mm prints, which meant that while the risk in producing additional prints was high, if a film performed at the box office the cost could be recouped by the continued use of the prints in subsequent bookings.

The introduction of the VPF system has significantly increased costs for many independent British and specialised films in particular, in that each booking can attract a VPF fee comparable to, and often higher than, the cost of producing a 35mm print for the same film.

For the release of most US films, which expect to open on 400+ prints and do not need to move prints to other cinemas, the savings of the new model are obvious. For the release of a UK or specialised film on 50-100 prints, where over 40 per cent of the total bookings are follow-on bookings (where the print is transferred to a new cinema) this can add 25-35 per cent to costs of providing prints, as each additional booking will attract a VPF payment.

Theatrical release costs for independent British and specialised films in the UK have always been higher than the likely theatrical income. But in a market where the willingness of broadcasters to buy rights to finished films has declined and falling income from the DVD market has not yet been replaced by significant revenues from online exploitation, increased theatrical costs will inevitably reduce the number of British and specialised films on which distributors are willing to take the required risk.

This difficulty with limited ('platform') releases could, in turn, leave exhibitors with a narrower choice of films to offer audiences. As one independent distributor noted in its submission to the Review, "We now have to go widest point of release on day one and keep 50 per cent of our prints in London, depriving regional audiences of an opportunity to see the film and ourselves of much needed revenue. The risk is that British films, documentaries and independent films will (with exceptions) be restricted to London and a handful of non-VPF charging sites."³³

While recognising the significant efforts of the studios in funding the digitisation of the exhibition sector, the Panel understands that the VPF model as currently formulated means that, for independent distributors, the cost of getting their films on screen is often considerably higher than before, and that this is limiting the availability of certain titles to a broader audience.

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.

³² 24 per cent of all respondents identified this as the most important issue.

³³ The Works, submission to the Film Policy Review, 2011.



Screen time for British film

One striking feature of the current exhibition business is that, on average, cinema auditoria in the UK have a 20 per cent occupancy rate (numbers of customers during a cinema's opening hours). It has been proposed during the course of this Review that exhibitors should endeavour to make better use of those hours when occupancy rates are at their lowest to promote a wider range of British and independent films.

However, the Panel has heard that a potential barrier to opening up screen time to independent films is in cases where commercial practices by studios, namely requiring a minimum number of screenings for a film, could result in certain films being shown when they are least likely to attract their target audiences (such as a family film on a Saturday night or a horror film on a Sunday morning). This may reduce the exhibitors' flexibility to engage with the independent sector to screen British and other non-studio films.

While in recent years some UK distributors have recognised the benefits to everyone of flexible programming, it would be helpful for all parties to continue these discussions, to the benefit of audiences for British films and indeed all movies regardless of origin.

The Panel also recognises that any initiatives to utilise this flexibility would need to be promoted effectively if they are to succeed, with films aimed at different audiences at different times. It is known that films with an older audience demographic (such as *The King's Speech*) do well during traditionally quiet cinema periods on weekdays and in the afternoons, so it is not necessary that all such screenings take place in evening slots.

The industry has indicated a commitment to exploring opportunities in this area, alongside looking at the possibilities for securing corporate sponsorship that ties in with the proposed British film 'brand' (see page 14).

The Panel therefore calls on the major studios, in this new digital era, to demonstrate increased flexibility in the minimum number of screenings routinely required of exhibitors, and on exhibitors to utilise this flexibility to show more British and specialised films. In addition, the Panel notes the success of 'Orange Wednesdays' and recommends that exhibitors and the independent British film sector seek sponsorship deals in order to provide regular branded slots for British films at peak times.

The Panel also notes that new partnership deals are emerging between exhibitors and producers, such as that between Vue and CinemaNX, and encourages the industry to explore these kinds of direct relationships further, with the aim of increasing audiences for independent British films.

Left:
Attack the Block (2011)

Right:
The Constant Gardener (2005)



Theatrical windows

While recognising the need to protect the primacy of the theatrical experience, the Panel is keen that innovation in the digital sphere – particularly where it potentially facilitates offering more films in different ways to a wider audience – is not unduly restricted by the theatrical release window. The challenge for the industry is to find a way to see all-platform releases (for independent British films) as part of, rather than a perceived threat, to traditional theatrical distribution.

The Panel believes that while the typical four-month window is currently appropriate for Hollywood-style blockbusters, it is less so for smaller, independent films with a more limited P&A budget. There have been steps made towards innovation in this area – including for example the release in North America via Video-On-Demand of Gareth Edwards' *Monsters* (2010) a month before its theatrical release in the same territory. Such experiments are of benefit to consumers who increasingly value convenience and access to entertainment on their terms, and they can also help to drive revenues.

Windows experimentation is more relevant for low budget films because their box office visibility is generally lower and their theatrical runs are generally shorter. By embracing such change, the industry would give audiences access to a wider range of films, including those that may otherwise have been underplayed, as well as having a vehicle with which to test new business models.

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.

Below:
The Last King of Scotland (2006)



Above:
The Life and Death of Peter Sellers
(2004)

Good practice among smaller operators

Consultation responses highlighted that, in some respects, little has changed for smaller operators in the sector since a KPMG report for the UK Film Council in 2002.³⁴ One area where there is evidence for this – despite many examples of good practice – is in the lack of coherence across the operational practices of a disparate range of exhibitors in both urban and rural areas. They are often working in isolation from each other and as a consequence the operators are unable to share knowledge and expertise. As the Independent Cinema Office notes in its submission to the Review, “There is no clear consensus on what constitutes good practice, both cultural and in a business sense. New forms of exhibition such as pop-up cinema are not clearly understood either in cultural or economic terms. We need the weaving together of what exists and a few radical ideas about building proper infrastructures which can work together and which can last both in urban and rural locations, for all kinds of audiences”.³⁵

The Panel welcomes the call for “a well-informed, coherent national strategy for film exhibition, with support for risk-taking programming, [and] initiatives to educate and engage audiences.”³⁶ It also acknowledges the benefits of the provision of advisory services and a means of sharing best practice – cultural, economic and social – among operators. For community cinemas, assistance should involve the co-ordination of geographically disparate and diverse volunteers and resources, while for smaller commercial operators the Review has identified the need for skills development, particularly around new business models and opportunities relating to the digitisation of the industry. A comprehensive training and professional development programme would build capacity in venues and festivals, resulting in increased turnover, economic growth and, in particular, the capacity to transform job opportunities in rural areas.

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

Recording in cinemas

According to industry estimates, around 90 per cent of unlawful copies of films in both 35mm and digital form (made available prior to their official release on DVD) originate from illicit recordings made in cinemas. The Panel applauds the work of exhibitors, working closely with the Federation Against Copyright Theft (FACT), to train cinema staff to identify and eject those who make such recordings. Nonetheless, it is becoming increasingly difficult, due to the rising number of attempts and the sophistication of equipment, to prevent such recordings.

Although there have been successful prosecutions under the 2006 Fraud Act, industry stakeholders are concerned that this legislation is too complex and that police are deterred from making arrests as the burden of proof requires clear evidence that the person is intending to make a commercial gain. The Panel agrees with the long-standing request from industry that the Government should introduce specific legislation in this area, as is the case in several key European and international film territories. The Panel believes this would make both public messaging and enforcement significantly more effective.

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

³⁴ KPMG, *Specialised Exhibition and Distribution Strategy*, 2002.

³⁵ ICO Submission to the Film Policy Review, 2011. The need for a sector-wide strategy was also the most common survey response to the question of where Government policy could change in relation to the exhibition sector.

³⁶ *ibid.*

4. Development, Production, Distribution and Joint Venture Funding

Since April 2011 when the BFI became the Government's lead agency for film it has had a much broader remit. It now has a strategic leadership role, is a Lottery Distributor for film, and it supports a variety of other activities previously undertaken by the UK Film Council while retaining its responsibilities for film culture, heritage and education.

This provides an opportunity to create a strategically integrated organisation, and to address the anomaly of a division between 'cultural' and 'industrial' priorities that has sometimes hindered the delivery of a cohesive film policy. In a digital age driven by technological change such a division seems increasingly anachronistic; for example, with regard to issues such as distribution, media literacy, education, skills, training, and the nation's archive and heritage.

Balancing the needs of a wide variety of stakeholders will be difficult, and in a rapidly changing world the BFI must have the flexibility to respond to the changing needs of audiences, the industry and film culture. The Panel has concluded that the BFI should, wherever possible, avoid creating too many organisational 'silos' to help ensure that it can deliver such integrated thinking. The BFI also needs to develop a flexible organisational culture capable of responding to changing external needs.

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.

Development

The Panel has considered views suggesting that the BFI should have a separate funding stream for film development.³⁷ The BFI is not an end user (unlike other public funders of film such as the broadcasters' production arms which deliver to their channels), and it has been suggested that there is a risk that a single taste prevailing over both development and production decisions may reduce the diversity of projects supported.

We have to balance these views with evidence that a Development Fund disconnected from an overall context of production decision-making risks creating an emphasis on development activity alone, that may not ultimately help drive projects further towards production, since, among other factors, the UK lacks a significant market for speculative scripts.



Left:
Junkhearts (2011)

Above:
Tyrannosaur (2011)

37 For example, submissions from BSAC and the BBC.

The Review has concluded that, on balance, the benefit of one integrated fund is that it enables greater flexibility and allows support for films to evolve holistically over their lifecycles. It also leaves more room for the championing of projects; for example, those working for an integrated fund can help find production and financing partners, even if it is inevitable that fewer production awards will be made than development awards. We do not therefore recommend separating out a fund specifically for development, though we envisage much development funding support will be given.

However, the Panel acknowledges the dangers of a single gatekeeper's taste becoming predominant (or even the perception that this is happening) and believes it is important for the BFI to reflect a genuine plurality of decision-making in the interests of audiences.

18. The Panel recommends that the BFI ensures there is a transparent and accountable mechanism to deliver plurality of taste among gatekeepers of funds, especially in relation to development and production funding.

The Review has considered the issue of funding slates (i.e. multiple scripts) as well as single projects, and also the degree of autonomy producers have over development decision-making.

The ability to develop multiple scripts at once empowers producers and makes them more attractive to talent. The UK Film Council's Vision Awards scheme offered this ability, albeit on a small scale, and also offered producers considerable autonomy as they were able to back their own creative and commercial judgements rather than defer to a gatekeeper's judgement.

There is encouraging evidence of the success of the Vision Awards scheme so far, and we suggest it provides a good foundation on which to build. We recommend that the successes of the scheme are rigorously evaluated to inform the continuation, and possible expansion, of a similar development scheme.

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.

Public support for UK independent films

Many of the most successful UK independent films receive Lottery funding and/or public service broadcaster support, as well as low budget UK film tax relief. Without this support they would either not be made at all, or would be made at much

lower budget levels, probably being lower quality as a result. Of the top nine UK independent films from January 2009 to June 2011, four were Lottery-supported, two were BBC and one was Film4. All received UK film tax relief.

Top UK independent films released from January 2009 to June 2011

Title	Year of Release	UK Box Office £m	Public Support
The King's Speech	2011	45.4	UKFC
Slumdog Millionaire	2009	31.7	Film4
StreetDance 3D	2010	11.6	UKFC, BBC
St Trinian's 2: The Legend of Fritton's Gold	2009	7.1	The first St Trinian's film was supported by UKFC Screen West Midlands, BBC
Nativity	2009	5.2	
The Young Victoria	2009	5.1	
Planet 51	2009	4.9	
Harry Brown	2009	4.6	UKFC
Kick-Ass	2010	4.1	

Source: UKFC and BFI Statistical Yearbooks; IMDb.

One of the key principles underpinning Lottery funding for the future should be based on providing a reward for success and empowering practitioners to the long-term benefit of audiences. The Panel would like to see this principle applied to development funding. We propose this means recycling returned BFI development funds back to companies which have used it successfully for reinvestment in their future development activity.

This grants greater autonomy over development decision-making to those production companies.

20. The Panel recommends the BFI introduces a funding mechanism to enable recycling successfully returned development funding back to companies that achieved that success, to be reinvested in further development activity.

The Review has noted two areas that deserve special attention in relation to development: animated films and films for families and children.

The Panel acknowledges the value of the UK's film animation sector and the relatively high market share of animated features at the UK box office – 19 per cent in 2010.³⁸ The sector is well positioned for growth due to the opportunities for innovation opened up by digital technology and the UK's strong storytelling heritage. The animation sector also has strong crossover potential with the UK's post-production, VFX and games sectors.

Animated features need bespoke elements in their development process which are not shared by live action features; as well as a script, animated features need designs, a pilot, and a full animatic.³⁹ In addition, because of these elements and the nature of animation itself, the development timescale is different to that for live action films.

We also acknowledge the long development cycle and low production frequency means it is difficult for animation companies to build ongoing relationships with distributors and sales agents. The BFI could play an active role in helping to foster such relationships as part of an increased focus on the animation sector.

We recognise that it is important the BFI is flexible and responsive to the particular development needs and timeframes of animated features.

21. The Panel recommends the BFI makes allowance for development funding that recognises the unique challenges of animation development.

The Panel also recognises that British independent films aimed at children and families may be under-represented. Between 2008 and 2010 family films distributed to cinemas accounted for 14 per cent of all major studio releases and 31 per cent of studio revenues in the UK. During the same period, family films represented only 2 per cent of releases in the British independent sector and 8 per cent of gross revenues.⁴⁰

The Panel believes there is significant growth potential in the UK for family films, given our literary and storytelling heritage.

22. The Panel recommends that the BFI supports the development and production of independent British family films for children and their parents or carers.

Right:

Gnomeo & Juliet (2011)



38 BFI Statistical Yearbook 2011, p.33.

39 i.e. a full length edited version of the storyboard complete with scratch voice and sound track (intended to represent the dramatic and/or comic flow of the intended film).

40 Source: BFI RSU.

Sources of investment for UK film production

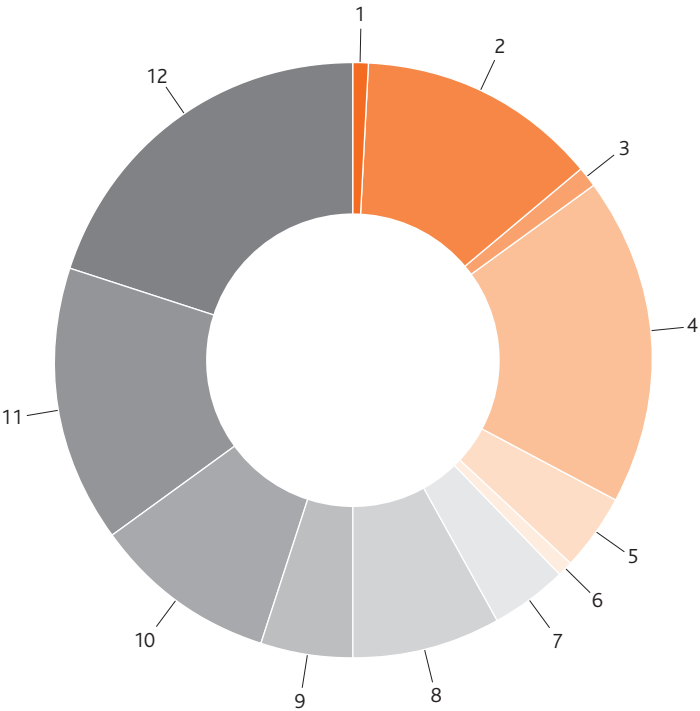
A typical UK independent film receives investment from a number of sources: equity, Lottery, film tax relief, pre-sales, distribution, TV, bank loans etc. In this way film investors spread their risks over a portfolio of films rather than putting all their

money into one or two productions per year. The investor hopes that the losses made on most films will be offset by profits from rare but lucrative hits. The pie chart shows the distribution of funding for independent UK films supported by UK Film Council Lottery grants in 2009:

Sources of funding for UKFC films, 2009

Source of funding	% of total
1 Non Statutory Tax	1
2 Film Tax Credit	13
3 UK National and Regional	1
4 UKFC Lottery	18
5 EU State	4
6 Other State	1
7 Broadcast Licence	4
8 Broadcast Equity	8
9 Other Equity	5
10 Bank	10
11 Bank Distribution Advance	15
12 Distribution	20

Source: UKFC Board (2009).



Independent distribution and production: getting closer to the audience

The Review has heard a great deal of evidence and considered many submissions from distributors and producers. In recent years this area of film policy has been framed in terms of whether the UK industry should be distribution-led or production-led, suggesting the two are mutually exclusive. This has been an unhelpful polarisation.

We have heard evidence that many problems of independent UK film stem from the misalignment of interests between production and distribution, especially because the sectors are not integrated.⁴¹ Producers and distributors have often treated their interactions as a zero-sum game, where one party's gains correspond to the other one's losses. This misalignment is an obstacle to a more successful integrated industry and prevents audiences from having access to a broader range of films.

Rather than one sector being perceived to be prioritised over another, the Review suggests a path which acknowledges the specific difficulties faced by both independent distributors and producers in relation to British and specialised films.

Independent distributors have to compete for a small share of the domestic box-office (20 per cent) and lack the bargaining power of the US majors.⁴² They also face particular difficulties over the Virtual Print Fee mechanism (which the Review addresses elsewhere) and they have argued that they face difficulty in accessing BSkyB, the UK's major pay-TV platform. They are also concerned that distribution experience is retained in the BFI's decision-making processes.

Independent producers continue to face historic structural issues relating to their inability to retain a meaningful financial stake in their films and to attract investment into their companies. This restricts their ability to deliver a wider range of films to audiences.

The Panel wants to encourage and incentivise distributors and producers to work together to seek to translate our undoubted creative success with audiences into more successful businesses capable of growth. By doing so, they might be better placed to seize the opportunities presented by digital technology.

We would therefore like to suggest some new principles which, by building on lessons from previous policy initiatives, try to avoid encouraging the creation of artificial alliances.

We suggest that the BFI seeks to achieve a step-change in the way public policy operates, so as to encourage a strategic alignment of production and distribution to the benefit of the choice and range of films available to audiences. This approach to public policy should be underpinned by four themes: joined-up interests, partnership, industry-led collaboration and rewarding success.

a) Joined-up interests

In a fragmented industry, the commercial interests of producers and distributors (and other sectors such as sales companies) have rarely been in alignment. In fact, their interests have often been in tension or even opposition.

Because distributors understandably extract maximum value from a film, producers often expect they will receive little or no revenue from its commercial exploitation. As a consequence producers often have a fee-based business model that can focus too much on financing a budget, rather than focusing on the overall business case for an individual project.

But if producers and distributors identify and build on their aligned interests, both parties could gain simultaneously. The fundamental principle underlying our new approach is to use elements of Lottery funding to help join up the interests of independent production and distribution in the UK to the benefit of the diversity of films on offer to audiences across the UK.

41 FPR Stakeholder meetings of producers and distributors: 17 June, 24 June, 14 October and 24 November 2011.

42 The major studio distributors shared 80.1 per cent of the UK Box Office in 2010. Source: BFI Statistical Yearbook 2011, p 77.

b) Partnership

The fragmented nature of the industry has led to a general lack of exchange of knowledge and understanding between these sectors; each sector's business model can often seem opaque to the other.

For many producers, the distribution business can appear to be characterised by complex revenue structures that seem to capture the majority of the benefits of success; in the eyes of many distributors, some producers appear disconnected from the marketplace, and fail to understand the dynamics of distribution and the risk/reward equation underpinning commercial decisions.

If public funding were deployed to encourage distribution and production companies to approach the financing and distribution of some projects as equal partners, forming joint ventures (JVs) based on transparency, their financial interests would be brought into alignment and valuable commercial knowledge could be exchanged to the wider long-term benefit of the industry. Greater understanding of each sector's challenges would help create mutual respect, and longer term relationships across sectors could also grow out of these initial joint ventures. This would help a greater number of British and specialised films to connect with audiences.

c) Industry-led collaboration

In attempting to achieve strategic alignment between these sectors, policy has tended to focus on seeking to design and implement structural solutions in what has often appeared a 'top-down' approach.

The Panel worked with a cross-sectoral group of independent distributors and producers in an attempt to collaborate more closely on defining these problems. The starting point was to identify current bottlenecks in the practice of financing and distributing UK films, and then to make recommendations about how public policy could target them directly. This represented a 'bottom up' approach, working with the grain of industry practice.

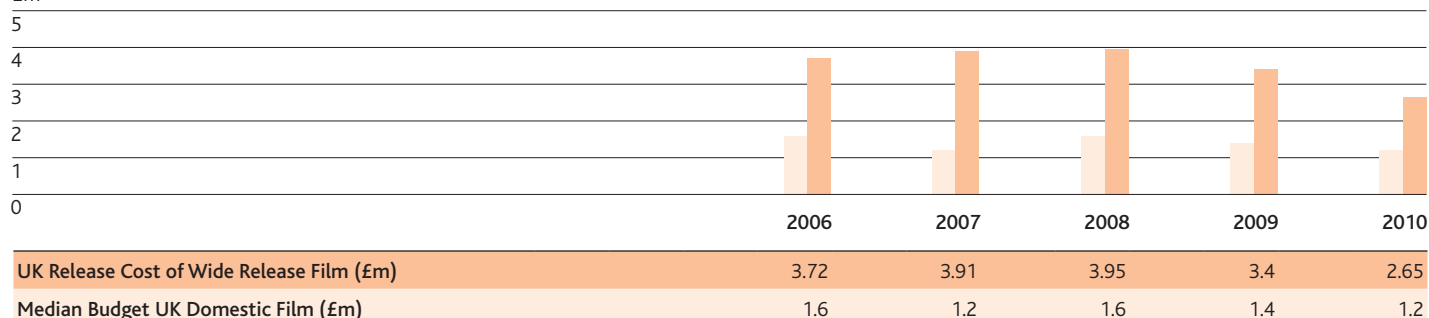
This group has proposed initial models they feel could be workable and behind which they can unite. In public policy terms, it may be strategically advantageous to support industry-led, more organic collaborative ventures rather than design a 'top-down' solution: using public funding to empower practitioners to test their own ideas.

Empowering the British film industry

The release cost (prints, advertising and promotion) of a wide release film in the UK (dark bar) is more than twice the median production budget of a UK domestic film (light bar). To compete with the power of Hollywood, British producers and distributors

need appropriate financial assistance, such as that provided by production and distribution grants from the National Lottery. Independent cinemas also need assistance to upgrade their facilities and maintain screen space for independent UK films.

UK release cost of a wide release film compared with median budget of a UK domestic film
£m



Source: BFI Statistical Yearbook 2011, pp. 81 & 150; UKFC Statistical Yearbook 2008, p. 65; UKFC Statistical Yearbook 2006/07, p. 77.

A 'wide release film' is a film released on 500+ screens in the UK. 'Release cost' means the cost of printing, advertising and promoting the film.

Due to digital convergence, business models are changing rapidly, and an industry-led collaborative approach will ensure these changes are reflected in future policy. The risk is that public agencies alone are less close to the coalface and are arguably not as aware of the extent and impact of changes taking place as quickly as the industry players.

We suggest the BFI could show leadership by supporting and helping to co-ordinate such strategic collaboration.

To be clear this does not suggest any relaxation of any public agency's accountability for spending money. Elsewhere we propose strengthening the rigour of an underlying policy and evaluative framework, so we can learn more about what works and improve policy interventions in the future.

d) Rewarding success and empowering practitioners

We recommend a principle of rewarding films that are successful with audiences, to empower practitioners in a business sense, and provide an incentive to achieve success.

Prints and Advertising (P&A) funding

The Panel recognises the effectiveness and importance of the Lottery P&A funding, which is widely considered to have been successful in meeting its objectives for widening the scope and range of films available to UK audiences.

It has been particularly valuable in helping smaller distributors handling specialised and world cinema product to connect their films with audiences. It is clearly in the interests of audiences, distributors, producers and other stakeholders that this P&A funding continues. We encourage the BFI to maintain the P&A funding as a priority, and welcome the recent announcement that additional transitional funding of £1m has been made available during the current financial year.

Left:

Restrepo (2010)

Right:

St. Trinian's (2007)



The joint venture approach: aligning distribution and production

Structurally the separation of public support into production funding and distribution and marketing funding has arguably not encouraged the production and distribution sectors to work more closely together.

For producers, achieving a viable price for the distribution rights in their home market has long been a major problem. Distributors find the costs of reaching audiences disproportionately high, particularly given the small market share of UK films. They regard the price of acquisition of British films at script stage as a major area of risk.

Our new proposal is designed to incentivise distributors and producers to form joint ventures (JVs) around individual films.

Lottery funding would be used to incentivise distributors to invest in UK films by reducing their financial exposure at acquisition stage, and incentivise producers to bring distribution rigour and expertise into the financing stage, in return for a more equitable share of revenues.

The distributor's risk is reduced, and the producer becomes a partner in the UK distribution of the film, so the potential upside is enhanced to the benefit of both parties. The interests of producer and distributor would be better aligned as they would be 50/50 partners in the film release venture.

In outline, a mechanism would be created to allow Lottery funding to be invested in a film as 50 per cent of the UK distributor's minimum guarantee (MG), representing an investment on behalf of the producer. In return for the sharing of distribution risk, the distributor would allow a 50 per cent share of its net revenues to be held in trust by the BFI for re-investment by the producer in future filmmaking. It is intended this would sit alongside a traditional distribution deal in accounting to other investors.

Distributor market shares

The leading film distributors in the UK are the US studios. Their combined market share in 2010 was 80.1%, from 151 films on release. The top four independent distributors took 13.7% of revenues from 86 films.

The remaining 88 distributors, with 379 films on release, had a 6.3% market share.

Distributor share of box office, UK and Republic of Ireland, 2010

Distributor	Market share %	Films on release in 2010	Box office gross (£m)
Warner Bros	18.3	31	203.7
20th Century Fox	15.9	28	177.1
Paramount	14.8	31	164.0
Walt Disney	14.0	18	155.3
Universal	10.2	21	113.9
Sony Pictures	6.9	22	76.6
eOne Films	5.5	18	61.1
Lions Gate	3.5	16	38.6
Entertainment	2.5	15	27.3
Optimum	2.2	37	24.1
Sub-total	93.7	237	1,041.6
Others (88 distributors)	6.3	379	69.7
Total	100.0	616	1,111.3

Source: BFI Statistical Yearbook 2011, p.77.

Such a funding scheme would need to be skilfully and carefully designed. We recommend that a cross-industry Task Force led by the BFI is set up to explore the suggestion in detail and design a workable mechanism.

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 creates Joint Venture Lottery funding to be accessed by partnerships between producers and distributors.

Market testing

In an integrated or studio production model, market testing certain types of films prior to their completion is commonplace; small enhancements or adjustments to the final edit can make big differences to the success of a film with audiences. Test screenings can also help identify the best marketing strategies.

Because of our fragmented funding model, this useful tool to connect a film with its audience often falls in the gap between a production cost and a distribution cost. This approach does not suit every type of film, but where it is appropriate we suggest it can often be a false economy to omit market testing since the costs are minimal as a percentage of the overall budget.

24. The Panel recommends that 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.

Independent producers: funding and recoupment

The 1998 report *A Bigger Picture* published by the Film Policy Review Group observed that the UK production sector was fragmented and composed primarily of weak, undercapitalised, stand-alone entities which comprised a 'cottage industry'.⁴³

Despite the successes of individual films, the strategic goal of more sustained growth across the sector has not yet been achieved.⁴⁴ This is an even bigger challenge in a digital era in which the overall value of the market for film in the UK has been falling.

The traditional business model for UK film production companies is economically inefficient and structurally defective because it repels rather than attracts investors, except on a project-specific basis.

Typically UK film production companies are stand-alone operations whose only real currency is access to filmmaking talent controlled by the individual film producer. The overwhelming majority of production companies do not have access to capital investment and they have no consistent or reliable revenue streams to rely upon. As a result, they operate on a project-by-project basis rather than being able to spread and manage risk and reward across a slate of films.

⁴³ *A Bigger Picture*, The report of the Film Policy Review Group, DCMS, 1998, p.14.

⁴⁴ See for example *Analysis of the corporate finance of SMEs in the UK film industry*, a report for the UK Film Council, Northern Alliance, October 2009.

In addition, when handling and negotiating a film's IP rights, independent producers are unable to retain or leverage that IP value since they have no risk money to invest in production themselves. As a result the film's financiers typically ensure that any significant financial return goes to them and not the production company.

Producers (and often therefore directors and writers with whom they contract) frequently lack a meaningful financial stake in the success of their films, and as a result are not fully incentivised to connect with the potential audience for the film.

To complete the vicious circle, the lack of any prospect of financial reward means that the producer is unable to invest in the development or production of their next film without recourse to third parties, who then start the process of acquiring the financial returns of the producer's next project all over again.⁴⁵

One of the consequences is that the UK's independent producers are heavily dependent on public funding, as they usually find it impossible to attract investment to companies rather than individual projects.⁴⁶

The dependency on the public funding provided by the Lottery, BBC Films and Film4 is reflected in the fact that, from 2005-10:

- Of the total UK domestic films produced, on average 28 per cent received Lottery production funding.
- Of the total number of domestic films which secured a UK theatrical release, 48 per cent received funding from the Lottery, BBC Films, or Film4.
- Of the total films funded with BBC Films or Film4 investment, 72 per cent also received Lottery investment.⁴⁷

We heard evidence that there are now a smaller number of sources of commercial funding than at any time over the last few decades, and that new entrants are not being persuaded into the industry.⁴⁸

The Review's aim is to reduce the overall dependency on public funding and encourage producers to attract more investment into their businesses; this means seeking ways for producers and filmmakers to retain or acquire more of a financial stake in their films, ultimately resulting in a more consistent flow of culturally British films for the enjoyment of audiences. Our recommendations also aim to give the producers of films that are successful with audiences greater autonomy as to how recouped public funding is reinvested, in order that it could be used in a more entrepreneurial way.

To this end, the Panel welcomes the current practices by BBC Films, Film4 and the BFI which maximise the use of the Film Tax Relief for the benefit of the independent UK film sector by promoting recoupment of the Relief as producer equity. We note that both BBC Films and Film4 suggest the Government's endorsement of this approach would be the most effective tool for supporting the independent sector.⁴⁹

The BFI's current policy is to support recoupment of the Relief as producer equity where this is possible. Where it is not possible the BFI makes available a 37.5 per cent (blended rate) producer equity corridor (PEC) in its own equity recoupment.⁵⁰

25. The Panel recommends that 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.

45 This outline of the typical UK production company model is taken from two UK Film Council Board Papers;

Building sustainability in the UK film production sector and *Towards a sustainable UK film production sector*, 2009.

46 *Analysis of the corporate finance of SMEs in the UK film industry* found that there are "few instances of private investment in film businesses and the 'equity gap' in the UK film industry is wide".

47 Source for these figures: BFI RSU. These domestic films are those with budget >£500,000, excluding inward investment and co-productions.

48 Film Policy Review, Stakeholder Meeting for Public Financiers, July 2011.

49 FPR submissions from BBC and C4, Sep 2011.

50 The Producer Equity Corridor recoups at 25 per cent until the BFI has recouped 50 per cent of its investment, and 50 per cent thereafter.

See <http://www.bfi.org.uk/about/funding/downloads/BFI-Film-Fund-Terms.pdf>

The Panel also welcomes the current level of BFI producer equity corridor (PEC). This corridor would be a more effective tool to deliver revenues to production companies if it were treated as an addition to, rather than being in place of, the tax relief as producer equity recoupment.

26. The Panel further recommends that 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.

At present, the BFI imposes no restriction on the use of the Film Tax Relief if recouped by the producer as producer equity.

By contrast, in our proposal the enhanced revenue streams would be reserved for reinvestment in future filmmaking activities, except for a reasonable percentage which would be reserved for incentivising and rewarding success among creative talent as outlined in a later recommendation.

We suggest the BFI is flexible and engages with stakeholders in a dialogue to agree workable parameters regarding the types of filmmaking activities which would be eligible for reinvestment under our proposals.

27. The Panel recommends that 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).

It is also important to recognise that recoupment is historically low; these changes only make a significant difference to the small number of films that generate substantial recoupment, which are precisely the ones which are more successful and which we need to encourage for the broader benefit of audiences.

By enabling the producer of a film that has recouped substantial funds from public investment to have access to those funds for its next project, the aim of the Panel is to empower the producer to secure more of a financial stake in its next film. The desire is that this will help production businesses begin to control at least in part the means of exploiting their productions. This will make these firms more attractive to external investors. There is a chance then that the vicious circle of dependency which acts as a barrier to growth might be broken.

The Panel recognises that to make these changes the BFI Board would need to revise its own recoupment targets. It can be argued that in some ways these recoupment imperatives have created a misalignment of interests between the BFI's investment position and the wider public benefit of helping to create a more successful and less dependent industry.



Left:

My Week with Marilyn (2011)

Our aim is to rebalance these competing objectives and seek to align the interest of the public agency more with the independent production sector than in commercial tension with it, and in doing so benefit the audience for film in the UK. We want to encourage a greater sense of partnership between producers and the BFI.

28. The Panel recommends that, in order to implement the recommendations concerning recoupment, Government encourages 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.

These recommendations are oriented towards the strategic goal of attracting investment from private sources as an alternative – over time – to reliance on public funding.

The Panel recognises that the Government's Enterprise Investment Scheme (EIS), designed to support equity investment in new and innovative high-growth potential enterprises, could work well alongside our new recommendations in helping to achieve that goal. This is especially true in light of the Government's proposed increases to the amounts of annual EIS investment limit for individuals and for qualifying companies outlined in its recent consultation and response.⁵¹

However, we also endorse the strongly expressed desire from stakeholders to ensure the film sector does not suffer from abuses of tax advantaged schemes.

29. The Panel welcomes proposed changes to 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.

Additionally, because transaction and financing costs are high we would also urge Government to consider discussing with the major banks in which it has a stake the possibility of a loan guarantee fund designed to make it easier for film companies to obtain bank finance.⁵²



Left:
East is East (1999)

⁵¹ See http://www.hm-treasury.gov.uk/consult_tax_advantaged_venture_capital_schemes.htm

⁵² Noting the success of the IFCIC Media Guarantee Fund for example. See <http://www.ifcic.eu/>

Incentivising and rewarding writers, directors and producers

The Review welcomes the new initiative of the Creative Alliance of writers, directors and producers, through their trade bodies the Writers' Guild of Great Britain (WGGB), Directors UK (DUK) and Producers Alliance for Cinema & Television (PACT). We recognise that even when significant revenues are generated by their films very little can flow back to the filmmakers. Too often, our talent seeks work abroad or has to fall back on opportunities outside film to survive. This is a weak foundation for building a creative career and it means that audiences are deprived of the contribution that such talents can make to British films.

The high risks and opportunity costs of film careers mean it is vital that creative talent is able to benefit from success in order for it to survive and continue. Consistent with the principle of rewarding success, the Panel wishes to incentivise the creatives at the heart of our film industry in order to better connect our films to audiences.

We recommend that to nurture our creative talent more effectively and help build careers for the benefit of our industry and UK audiences, a percentage share of revenues generated by a film's success with audiences needs to be accessible by the key creatives – director, writer and producer – as fair reward for the successful generation and exploitation of their intellectual property.

We welcome the commitment by the trade bodies WGGB, DUK and PACT to work together on new contracts to ensure these revenues are shared fairly.

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.



Left:
The Iron Lady (2012)

Processes and flexibility

There has been some concern expressed surrounding the complexity – and costs – of the legal and other transactional processes required when the BFI invests in a film. For example, the question has arisen about whether it is necessary for a public agency to charge legal fees to a producer's budget, rather than those fees being contained as an internal costs following the practice adopted by BBC Films and Film4 (who rely on their own internal legal and business affairs departments). There is also some concern that contracting-out this legal work separates the legal process from the context of the overall public policy objectives. The Panel welcomes the commitment to simplicity expressed by BBC Films in its submission to us, and its willingness to take part in any "pan-industry initiative that sought to reduce the cost, complexity and time involved in closing deals and mitigating production risks".⁵³ This would reduce costs to the overall benefit of audiences (since more money is available for the film itself) and the public purse. We suggest it is appropriate for the BFI to take a lead on such an initiative.

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.

Consistent with an approach to funding that prioritises flexibility and responsiveness, we would encourage the BFI to reconsider its attitude to risk when making decisions about, for example, advancing funds in the pre-production stages of a film, or in respect of the list of conditions it requires before it will release any pre-production funds.

Funding film production is a high-risk activity, and the BFI is in a position to make a real difference to the level of risk because it does not have the same commercial imperatives as other financiers. Executives should continue to be empowered to make decisions on a case-by-case basis rather than according to a 'one-size-fits-all' approach.

This is an area where a new approach based on partnership, which attempts to align the public agency's goals with those of the independent sector could deliver significant benefit to the industry and audiences. The Panel recommends that the BFI investigates whether it can revise its attitude to risk in order to be able to offer more flexibility of support.

Right:
Paul (2011)



⁵³ DCMS Film Policy Consultation: Joint Response from the BBC and BBC Worldwide.

5. Television Broadcasters and British Film

Despite the changing patterns of film consumption, audience fragmentation, and the emergence of new online services, television is still the single most important platform for film consumption in the UK, judged by the yardstick of viewer numbers.

- In 2010 there were 3.7 billion viewings of feature films across all television platforms (excluding pay-per-view), which is over 20 times the number of cinema admissions.
- Television accounted for 80 per cent of the total film audience by viewing occasions.
- This represents approximately 64 film viewings on television per person per year, compared with 2.9 cinema attendances.⁵⁴

Films deliver substantial economic value to broadcasters, estimated to have been £1.2bn in 2010, and still offer a way of generating large audiences for both free-to-air and pay television.⁵⁵ For example, the most popular film on terrestrial television in 2010, *Shrek the Third*, attracted 7.8 million viewers to its premiere on BBC1.⁵⁶

Because it is the primary means by which films are delivered to audiences, television plays a crucial role in engaging domestic audiences in locally produced films as well as those from Hollywood, and can also play a key role in the economic viability of the film value chain. This remains true despite the creation of new platforms

such as video-on-demand, which as yet attract relatively small numbers of viewers and correspondingly generate relatively small revenues. By contrast, the five main Public Service Broadcasters (PSBs) still commanded 73 per cent of all viewing hours in the UK in 2010, despite the rise of multichannel television.⁵⁷

Local European film industries are hindered by deep-rooted structural constraints relating to the unusual economic properties of cultural products, the operations of their marketplaces, and the power of scale industries.⁵⁸ These constraints can restrict the production and distribution of locally produced films and impede the establishment of viable domestic film industries.

To address these constraints, and to connect all elements of the audio-visual value chain to champion the promotion of locally produced films, some countries have used legislation to oblige television broadcasters to invest in feature films. In France, broadcasters have long been required by law to invest directly a percentage of their annual revenues in film, resulting in an investment totalling over £420m in French film in 2010.⁵⁹ In Spain a new audiovisual law imposes similar obligations on broadcasters. In Germany, public and private broadcasters are required to contribute percentages of their advertising turnover to the government-backed Federal Film Agency (as happens also in Sweden, Denmark and Austria), and public broadcasters are required to back the appropriate regional film fund. In Italy public service broadcasters and the main private broadcasters are required to support film according to Government quotas.⁶⁰

54 Source: BFI Statistical Yearbook 2011; pp 113, 135.

55 Source: Attentional, as referenced in BFI Statistical Yearbook 2011, p 114.

56 Source: BFI Statistical Yearbook 2011, p 109.

57 Source: BARB, Trends in Television, 2010, February 2011; http://www.barb.co.uk/facts/tv-trends?_s=3. Percentage shares by broadcaster in 2010 were BBC 32.9 per cent, ITV 22.86 per cent, C4 11.18 per cent, Five 5.91 per cent. Figure includes the PSBs main channels as well as their other digital channels.

58 For detailed analyses of these issues see for example Caves, Richard E, *Creative Industries: contracts between art and commerce*, Harvard University Press, 2000; Grant, Peter S & Wood, Chris, *Blockbusters and Trade Wars: popular culture in a globalized world*, Douglas & Macintyre, 2004.

59 Source: Film Policy Review submission.

60 Source: AVMS Summary of Legislation, 2011, DCMS.

In the UK the level of engagement in the film sector by broadcasters varies greatly. The BBC and Channel 4 show film across their primary channels and other free-to-air digital channels, and both have separate film production arms (BBC Films and Film4 productions respectively). Channel 4 also has a dedicated free-to-air film channel, Film4, on which British, continental European and other non-American films comprise around 40 per cent of the schedule.⁶¹ BSkyB operates a suite of dedicated pay-TV movie channels, grouped thematically by genre (Family, Comedy, Classics etc). More specialised films are also shown on its BSkyB Arts channel. ITV and Channel 5 show film on their primary channels and their other free-to-air digital channels.

We recognise that broadcasters are facing economic challenges due to increased competition from other platforms and uncertain funding models in a marketplace driven by technological change. It is also acknowledged that the value of films to the five major public service channels may be changing. It is possible that with the decline in DVD, and the proliferation of VoD and catch-up services, many of which are operated by television companies, the viewing of films through media controlled by broadcasters will increase. As a consequence, some of the value which was traditionally captured by retailers selling or renting DVDs, may now be (re)captured by platforms operated by broadcasters.

It is our conclusion that evidence shows television broadcasters are a critical element of the success of local film industries in other countries, and that the variation in levels of contribution and engagement by UK broadcasters is a clear obstacle to creating a more successful and fully integrated British industry, one of the Review's key objectives.

Given that the majority of people still watch most of the films they see on television, an increased commitment to screening British films would also have an important impact on the vitality of cultural life in the UK. Similarly, the broadcasters could be a powerful force for making available information and knowledge about the breadth of film available – through increased programming about film, online content and mobile 'apps'.

It is important to recognise that each broadcaster is different, and could contribute to UK film differently, going with the grain of their individual histories, cultures and business models. A 'one size fits all' approach may not be appropriate.

We also recognise that there is a long history of failure to connect policies for the film and television sectors. We want public policy to encourage the two sectors to engage productively in ways which could be mutually advantageous in a digital era. For example, by working together the sectors may be able to identify shared opportunities across the value chain. If successful, tougher legislative measures such as exist elsewhere in Europe may not be necessary.



Left:
The Damned United (2009)

Above:
This is England (2006)

⁶¹ Source: Channel 4 Annual Reports.



Our objective is to ensure that all major broadcasters engage with and support British film in a significant way on an ongoing basis. Our priorities are for broadcasters to show a good proportion of British films, including recent British films, as part of the overall mix on their TV channels, and for them to invest in acquisition and production.

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.



Left:
My Beautiful Launderette (1985)

Above:
Fish Tank (2009)

The BBC

The Review welcomes the significant £12m per annum investment made in UK film by the BBC through its specialist production business unit BBC Films. We recognise the value of the role BBC Films plays in UK film, its expertise, and the quality of its film output.

We wish to see this investment safeguarded and increased if possible. The Review welcomes the BBC's support of the Government's ambition to build viable independent UK film companies, which has been reflected in its business practices, in particular in its leading role in establishing commitments to UK producer deal terms in 2008.⁶² We also welcome the BBC's promotion of cinema and British films through its arts coverage and variety of programming across its platforms.

The BBC is required under its Charter and Agreement to have a film strategy, although we note that this does not refer specifically to British film.⁶³ The Corporation published its film strategy in December 2010.⁶⁴

The BBC's Programme Acquisitions department's remit is to provide and acquire films from around the world; there is no particular emphasis on British films. The number of recent British films shown on terrestrial television by the BBC as a percentage of total films broadcast has remained consistently low over the last three years⁶⁵:

Recent UK films as percentage of total films broadcast

	2010	2009	2008
BBC One	10.0	12.7	14.2
BBC Two	13.7	9.5	8.6

The BBC could take a strong lead in increasing UK broadcasters' commitment to showing British film by increasing the percentage of recent British films bought by its Programme Acquisitions department and increasing the proportion of acquisition spend allocated to British films that could play on BBC One or Two.

⁶² In 2008 the BBC agreed a statement of policy with PACT setting out these commitments.

⁶³ The current BBC Agreement requires the BBC Trust to have regard for the BBC to have a "film strategy" but does not specifically refer to British film.
http://www.bbc.co.uk/bbctrust/about/how_we_govern/charter_and_agreement/

⁶⁴ http://www.bbc.co.uk/bbcfilms/about/press/bbc_films_strategy_2010.shtml

⁶⁵ Source: BFI Statistical Yearbook, 2011; UK FC Statistical Yearbooks, 2010, 2009. A recent UK film is defined as "one which has been theatrically released, or intended for theatrical release, in the UK since 2002".

This would have significant positive benefits on the wider UK film industry and be consistent with the intended commitment to increase this spend outlined in the BBC’s 2006 Memorandum of Understanding with the UK Film Council.⁶⁶ It would also be consistent with the research referred to by BBC Films which showed “respondents unanimously agree that the BBC should spend the licence fee buying (and making) British films”.⁶⁷

The BBC could play a very significant role in championing British film. For example, it could revisit its proposal for launching a new BBC ‘channel strategy’ for film, and it could explore synergies between such a strategy and its work on a proposed Digital Public Space, and the initiatives regarding access to archive/heritage.⁶⁸

The BBC could explore a strategy for British films within its global iPlayer offering or through its involvement with digital services such as YouView.



Above:
The Queen (2006)

ITV

ITV has a different history and business model, but it too derives a great deal of value from films; six of the top 10 movies on television in 2010 were screened on ITV1.

In addition, eight of the top 10 films on free-to-air digital multi-channel television in 2010 were screened on ITV2.⁶⁹ Because of this ITV could play an especially strong role in promoting UK film.

However, the number of recent British films shown on terrestrial television by ITV has remained consistently low over the last three years as a percentage of total films broadcast:⁷⁰

Recent UK films as percentage of total films broadcast

	2010	2009	2008
ITV	10.0	8.1	6.3

ITV has had success in investing in British films such as *The Queen* and we recommend that ITV should be encouraged to invest in the further production and acquisition of new British films.

In addition ITV (through its division ITN Source) holds the rights to a variety of film catalogues – including some classic British catalogues (for example those of Rank Film Distributors, Gainsborough Studios and London Films). We would urge ITV to work with the film sector to explore what opportunities exist for using digital technology to make these classics more available, for the benefit of growing UK film culture and audiences, and to explore what commercial opportunities might exist through partnerships with the film industry to exploit these rights.

66 BBC-UK Film Council Memorandum of Understanding, 22 February 2006.
67 See http://www.bbc.co.uk/bbcfilms/about/press/bbc_films_strategy_2010.shtml
68 BBC-UK Film Council Memorandum of Understanding, 22 February 2006.
69 Source: BFI Statistical Yearbook, 2011.
70 Source: BFI Statistical Yearbook, 2011. A recent UK film is defined as “one which has been theatrically released, or intended for theatrical release, in the UK since 2002”.

Channel 4

The Review recognises Channel 4's significant ongoing investment in UK film through its specialist production arm, Film4, and in particular welcomes the increase to Film4's budget to £15m a year for five years from 2011.

We wish to see this investment safeguarded in the future, and grown if possible, and we therefore welcome the introduction in the Digital Economy Act of obligations for Channel 4 to invest in and screen a diverse range of film.⁷¹

The Review also recognises the important role Film4 plays in talent development, and the quality and range of its distinctive film output. We also acknowledge the role of the Film4 digital channel in promoting cinema, and of many Channel 4 initiatives relating to film.

Giving audiences access to feature films they might not otherwise see is a significant part of Channel 4's role as a public service broadcaster. Reflecting this, the main channel showed 50 of the 59 foreign language films shown on terrestrial television in 2010.

Making *British* films available is also consistent with Channel 4's role as a public service broadcaster. But although the main channel showed 96 British films in 2010, only 32 of these were recent British films, reflecting a low number of recent British films as a percentage of total films broadcast. The number of recent British films screened as a percentage of total films broadcast has remained low over the last three years⁷²:

Recent UK films as percentage of total films broadcast

	2010	2009	2008
Channel 4	6.1	5.9	6.8

Channel 4 could take a strong lead in increasing UK broadcasters' commitment to showing British film by increasing the percentage of recent British films it acquires and shows.

BSkyB

The Review welcomes BSkyB's evidence that it invests £2bn in content every year, including several hundred million pounds in film rights from Hollywood and elsewhere. We acknowledge its history of innovation and of new platform creation which has brought undoubted benefits to consumers.⁷³

BSkyB has benefitted from the UK's liberal approach to broadcasting legislation in recent decades. It is by far the biggest pay-TV operator in the UK but has no obligations to contribute to the wider audiovisual culture. By way of contrast, the pay-TV operators in France, Canal+ and its siblings, invested over £290m in French films in 2010 as a result of legislative obligations.⁷⁴

In an increasingly competitive environment, BSkyB recognises that it has a growing need for exclusive high-quality original content for its platforms. Along with its substantial investment in exclusive pay-TV film rights, we welcome BSkyB's plans to raise its budget for original high-quality television content to £600m by 2015. We also particularly welcome its innovation in creating a global hub in 3D production.

The Review believes that a commitment to UK film production would be consistent with BSkyB's goals to invest in a greater volume of high-quality original content, particularly because films have a strong resonance with audiences. It would also be consistent with the emphasis placed on its movie offer in much of its current marketing to customers.

BSkyB's scale and reach mean that if it were able to make even modest changes to its approach to the acquisition of UK films this could have disproportionately positive effects on the whole sector. This would also apply to any British film production initiative it established within its overall activity – perhaps utilising its 3D expertise or building on its experience in family content. Such changes could therefore have significant public value, by connecting British films to wider audiences.

71 Under the Act, Ofcom is charged with reviewing C4's compliance with its duties and will publish a report on this each year.

72 Source: BFI and UKFC Statistical Yearbooks, 2011, 2010, 2009; see above for definition of 'recent British film'.

73 The Panel is aware that the Competition Commission is currently conducting a *Movies on Pay TV* market investigation and that it has issued Provisional Findings and Possible Remedies in a process which is independent of Government. (http://www.competition-commission.org.uk/inquiries/ref2010/movies_on_pay_tv/index.htm).

74 Film Policy Review submission.

Channel 5

While Channel 5 is smaller than the other PSBs, the Review would wish it to make some contribution to UK film. Given its size, it is acknowledged that appropriate commitments to film are likely to be more modest. However, it should be included in discussions with Government regarding such commitments.

The UK film acquisition market

The Review acknowledges that during its consultations legitimate questions have been raised about whether there are recent independently produced British films that are not being shown anywhere on television. These questions are relevant to the current debate about media plurality in the UK, which is being led by Ofcom on behalf of the DCMS.

In 2010, the number of recent British films broadcast on terrestrial television was 160, only 7.7 per cent of the total number of films broadcast, 2,075.⁷⁵ While this data does not in itself provide concrete evidence about the extent to which UK independent films are shown on television, it nonetheless represents a small share for British films.

We also acknowledge there are legitimate questions about whether licence payments for UK independent films are too low, and whether the terms on which licences are acquired are appropriate.

We welcome broadcasters' acknowledgement of these issues, in particular BBC Films' proposal that Government considers whether broadcasters should offer agreed minimum deal terms based on box office success when acquiring UK films. We also note BBC Films' willingness to consider agreeing to such a 'pan-industry' commitment if it went beyond the public service broadcasters.⁷⁶

Such questions can only be answered by a detailed market investigation requiring robust data-gathering methods and cross-industry participation. As it fell outside the scope and powers of the Review to undertake such an investigation, we recommend that this is conducted urgently.

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.

Online services – future-proofing UK film policy

The Review recognises that broadcasting is in a period of dynamic change and that online services (such as Apple, Lovefilm and Netflix) are becoming a significant part of the UK's audiovisual sector and film market.

As these services gain scale, they should be expected to play a role in supporting British film just as the Panel argues that broadcasters are expected to do. While recognising there is considerable uncertainty about the evolution of these services, and that innovation should not be stifled, UK film policy needs to take into account the changing nature of delivery of film to audiences.

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.



Above:
Cemetery Junction (2010)

75 Source: BFI Statistical Yearbook, 2011. Recent UK films as percentages of total films broadcast per channel were: BBC One 10.0 per cent; BBC Two 13.7 per cent; ITV1 10.0 per cent; Channel 4 6.1 per cent; Five 1.6 per cent.

76 BBC Submission to Film Policy Review.

6. International Strategy

Audiences across the world enjoy British films. Global box office receipts reached \$31.8bn in 2010, up 8 per cent on 2009. UK films had a 14 per cent share of this market, earning \$4.5bn, compared with \$2bn in 2009. UK inward investment films (UK films wholly or partly financed and controlled by US studios but featuring UK cast, crew, locations, facilities, post-production and often UK source material) earned 12.6 per cent of the worldwide box office while UK independent films shared 1.6 per cent of global revenues.⁷⁷

The Film Tax Relief (FTR) has ensured that a consistent supply of films is made for delivery to audiences worldwide. In an increasingly competitive global trading environment, the existence of the Relief for high-budget films in particular helps ensure that such films continue to be attracted to the UK and available to audiences at home and overseas. Alongside the Relief, the film skills strategy, our world-class facilities and the work of the British Film Commission (BFC) all help to attract high budget films to the UK in the teeth of fierce competition. This ability to deliver benefits to international audiences and to our indigenous industry, underpinned by the FTR, depends on our success in exporting our skills, talent and facilities.



The Tax Relief also underpins the international success of our independent film sector. The UK's sales agents are the bedrock of this export sector delivering films to distributors and audiences around the world across a range of different platforms.

The export work of the industry in relation to both low and high budget British films helps ensure that audiences around the world enjoy access to the full range of British culture, while also delivering benefits to the indigenous industry. The UK industry cannot rely on the domestic market alone. It needs to succeed on the global stage to remain viable. This is especially true in a world which is ever more inter-connected, in part because of the impact of digital technology.

The Panel recognises the improved cooperation within the industry, between international sales companies, talent, facilities and producers in particular. The BFI needs to help sustain this to ensure that the export sector is fit for purpose in engaging with the new opportunities created by digital technology. The Panel also supports the sector's shift towards consumer-focused strategies both within the UK and overseas, and accepts that technology has empowered audiences in ways that challenge existing business models. The Panel wishes to see the BFI lead the way towards a more self-sustaining export industry that increases its profitability by successfully connecting with an increasingly broad range of markets.

The Panel further acknowledges the valuable activity that the BFC undertakes to maintain the UK's position in global production. The BFC is at the heart of this work by aggressively competing for new inward investment business from the established centres such as Hollywood and by increasingly seeking opportunities from the emerging film economies such as the BRIC countries (Brazil, Russia, India and China), the Gulf and the Far East.

Left:
The Constant Gardener (2005)

Conclusions and Recommendations

35. The Panel therefore recommends that the BFI produces and implements a robust, cohesive international strategy for UK film, working with the 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.

We are currently in a period of unprecedented global competition with regard to feature film production. Some high-budget features employ thousands of people. In addition, the multiplier effect associated with film production spend is considerable. A recent UK study has estimated that for every 10 jobs directly supported by the core UK film industry, another 10 are supported indirectly in the supply chain and from the induced spending of those directly or indirectly employed by the core film industry.⁷⁸ Where strong production centres exist, particularly within the European Union, all film production in the surrounding

Nations and Regions tends to gain from the cultural and other benefits of film activity. Moreover, a healthy inward investment sector delivers support, notably in facilities and skills, to the growth of a healthy indigenous sector.

Film is a highly mobile industry but there are a number of contributing factors that determine where productions are based. In the UK we are capable of attracting significant inward investment because of the unique offer the UK can provide. We possess an internationally acclaimed, cutting-edge VFX industry that continually seeks to innovate. We are home to some of the world's most talented writers, directors, cast and crew and our studios and facilities are some of the best equipped and most professional in the world. But we are also able to provide these services and this talent at an internationally competitive rate.

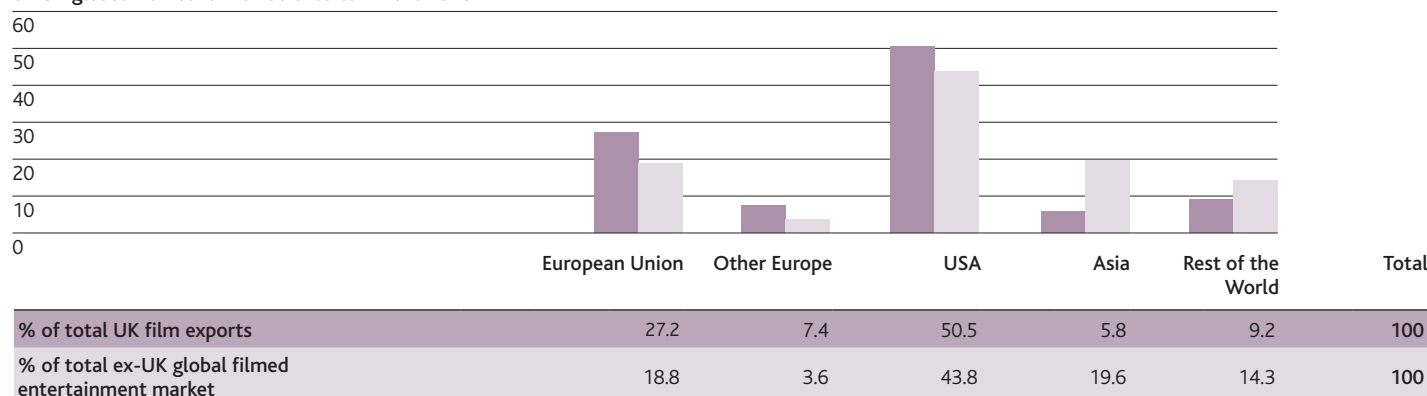
The Panel recognises the vital significance of the Film Tax Relief and warmly welcomes the Government's commitment to maintaining this intervention. However, because of international competition and exchange rate fluctuations the sector remains vulnerable, and the presence of a tax incentive alone is not enough to maintain a successful international industry producing culturally British films. A large pool of highly talented and skilled people is essential if we are to maintain our competitive position.

Variation in UK film export performance

UK film exports have risen strongly in recent years to reach £1.5bn in 2009, with a positive film trade balance of £930m. However, a close look at the data shows that most film exports go to Europe and the USA. The proportion of UK film

exports going to Asia and the rest of the world is less than these countries' share of the global film market. This suggests potential gains for the UK from an export drive to Asia and emerging markets.

UK export shares 2005-2009 compared with the ex-UK global market for filmed entertainment 2010



Source: BFI Statistical Yearbook 2011, p. 193.

78 http://www.ukfilmcouncil.org.uk/media/pdf/i/r/The_Economic_Impact_of_the_UK_Film_Industry_-_June_2010.pdf

Virtually every developed country and every US state has a filming incentive. The UK's main competitors are the US and Canada; and to a lesser degree, Australia, New Zealand, Germany, Czech Republic, Hungary, South Africa and the Republic of Ireland. However, despite this competition, the UK has established itself as one of the best places in the world to make film. To maintain this position, it is vital there should be a continued, coherent and appropriately resourced inward investment strategy.

The Panel also notes the importance of developing and maintaining successful partnerships and relationships. The Panel acknowledges the significant reduction in budget the British Film Commission (BFC) has seen following the closure of the UK Film Council and underlines the importance of maintaining this key function. It is essential the BFC is able to continue to operate as an effective export agency for the UK and we welcome the developing public private partnership that is delivering the work.

36. The Panel recommends that 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.

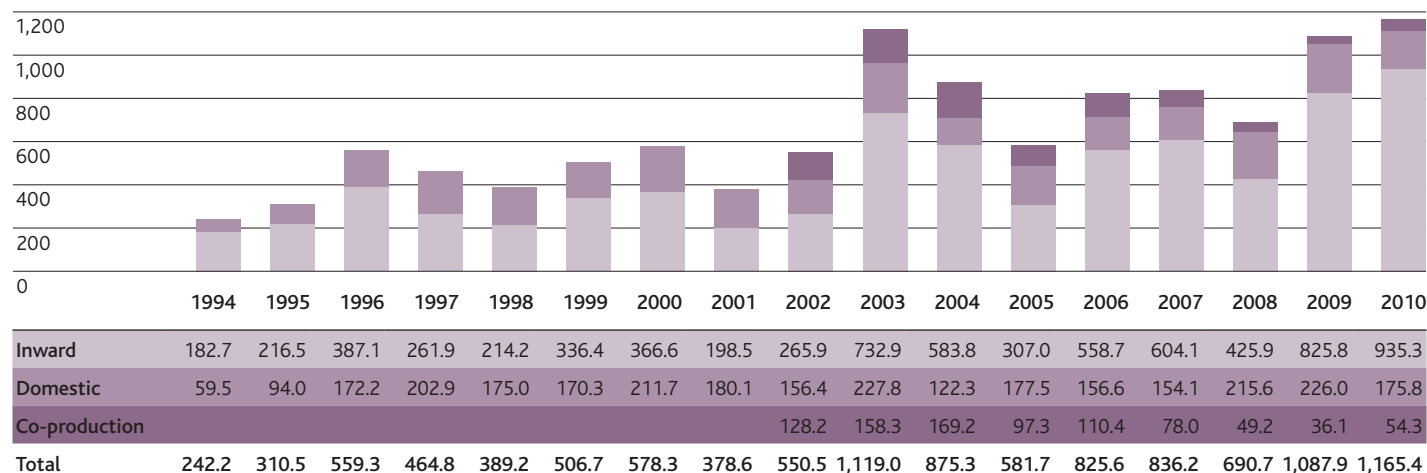
Effective co-production can deliver significant cultural benefits to UK producers and a range of cultural benefits to UK and international audiences. Done successfully it can stimulate diversity of content and content creation for the audience whilst facilitating a wider range of access to finance and talent for the producer. The UK currently has eight active bilateral treaties/co-production agreements; with Australia, Canada, France, India, Israel, Jamaica, New Zealand and South Africa. It has also signed treaties with Morocco and Palestine, which are subject to ratification before they come into force.

'Inward investment' films – attracted by tax relief and the UK's production skills

Between 2003 and 2010 'inward investment' (mainly US studio) films (light bar below) contributed between £307m and £935m per year in film production activity to the UK economy. This increased UK GDP by between £600m and £1,800m per year,

and contributed between £150m and £450m per year in tax revenues to HMRC. In 2010, inward investment films accounted for 80% of the financial value of film production activity in the UK.

Value of UK spend of inward, domestic, co-production and total features, 1994-2010
£ million



Source: BFI Statistical Yearbook 2011, p. 147. GDP and tax estimates derived from the Oxford Economics studies of the UK film economy.

The UK is also a signatory to the European Convention on Cinematographic Co-production, which allows it to co-produce, bi-laterally or multi-laterally, with any of the other signatories, which includes all of the European member states and other neighbouring territories such as Russia and Turkey. The Panel recognises the need for an effective co-production strategy for the UK to make the most of the opportunities afforded by these relationships. Such a strategy would prove an important tool as part of a policy that would allow UK producers a greater presence in the wider international landscape.

In 2010, there were 21 co-productions with a value of £54m compared with 65 in 2005 which had a value of £97m.⁷⁹ To address that decline, the Panel recommends that the Government continues to monitor the impact and effectiveness of the tax incentive in relation to co-production. The Panel has considered evidence which suggests the introduction of a new Film Tax Relief scheme in 2007 may have been instrumental in effecting a decline in the amount of this activity in the UK. The combination of three features of the scheme – the 'used or consumed' rule definition of UK expenditure; the minimum UK spend threshold of 25 per cent; and the availability of tax relief

on only 80 per cent of total core expenditure – means that this tax relief is largely unavailable to producers of UK co-productions. Without access to this relief, UK co-production has all but ceased to be a viable option for both UK and non-UK producers, particularly as other sources of public and private funding in the UK can be difficult for those making co-productions to access.

In addition to a commitment to consider the impact of the tax environment as a means of advancing an effective strategy, it would be useful for the BFI to consider making some funds available for co-production activity. This might help to persuade international producers to look afresh at the UK as a co-production partner and potentially draw projects to the UK, and create opportunities for UK talent and crew abroad. All of these are highly desirable outcomes that would energise the UK as an international hub for independent productions and help ensure that audiences around the world had access to a broader range of culturally British films. This would also boost exports and help our sales agents to expand their activities.



Left:
Pirates of the Caribbean: On Stranger Tides (2011)



Right:
Alice in Wonderland (2010)

79 <http://www.bfi.org.uk/filmtvinfo/stats/BFI-Statistical-Yearbook-2011.pdf>

The Panel has also considered the question of re-joining Eurimages, the Council of Europe's fund to support co-production which could help the UK to establish firmer ties with Europe and take full advantage of the potential for co-productions with our nearest neighbours.⁸⁰ However, because of cost and without the necessary infrastructure in place in the UK, the Panel felt that rejoining Eurimages at this point could not be seen as a priority. The Panel suggests that further consideration is given to the implications of rejoining Eurimages at a later stage.

We acknowledge that more work is required to determine the most effective means of implementation, in order to give a boost to international co-production, including with European partners. However the Panel wants to encourage the BFI, along with DCMS, to look again at the merits of pursuing a policy of enhancing the UK's engagement with co-production.

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 exploit best 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 in regard to the issue of 'used or consumed'.



The Panel has also identified an opportunity for BBC Worldwide, the commercial arm and a wholly owned subsidiary of the BBC, to assist in raising the profile of British films in the global market. BBC Worldwide is the largest TV programme distributor in the world, outside the US major studios. In the past five years BBC Worldwide has invested over £1bn in the UK's creative industries. As part of the Review, the Panel had encouraging discussions with the company about how it could potentially support British film, by utilising its expertise in developing and exploiting media content and showcasing British talent both in the UK and international markets.

38. The Panel welcomes BBC Worldwide's 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 Worldwide'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.



Left:
Frost/Nixon (2008)

Above:
The Guard (2011)

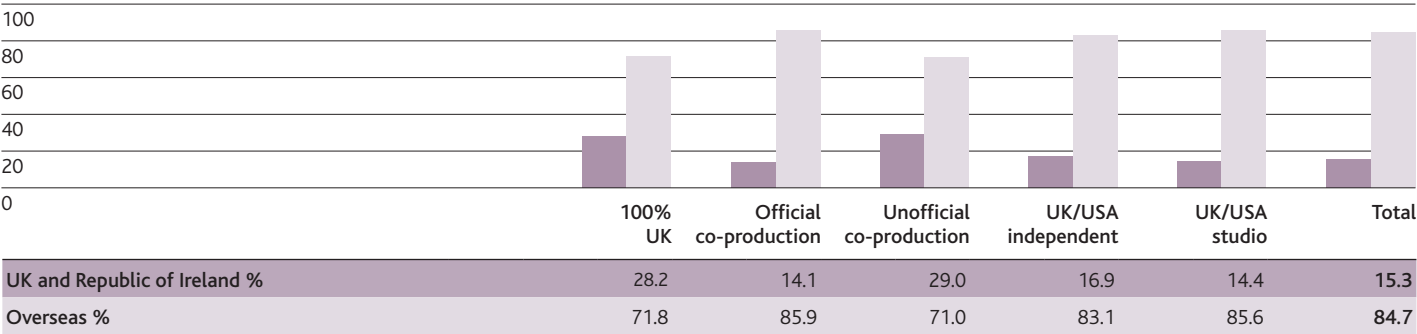
⁸⁰ http://www.coe.int/t/dg4/eurimages/default_en.asp

The success of independent UK films

It is not only UK/USA films that do well internationally. Data collected by the BFI Research Unit indicate that 72% of the box office of exclusively UK films is generated overseas and 86% of the box office revenue of official co-productions involving

the UK. The challenge for industry and policy makers is to grow these revenues and maximise the proportion that comes back to the UK.

Local and overseas share of UK film box office, production years 2003-2007
% share



Source: BFI Statistical Yearbook 2011, p. 72.



Left:
Quantum of Solace (2008)

7. Skills and Talent Development

The development of skills and talent provides the backbone which underpins the success of the entire film sector in the UK; from production, sales, distribution, and exhibition to archive. The future success of the UK's film industry and the vitality of its film culture depend on the ability to nurture new talent and skills.

This is especially true in an age when the film sector is making increasing use of digital technologies which rely on a sophisticated level of knowledge. Moreover, through the provision of a wide range of training opportunities the composition of the workforce in the film sector can become more representative of the entire population and increase social mobility to the broader benefit of the UK.

The UK film industry is renowned worldwide for its creativity, its talent and the depth of its skills base. But if the UK is to maintain its competitive position in a digital age, it must continue to invest in the development of that talent and those skills.

In production, the UK has particular strengths in areas including cinematography, craft grades and visual effects (VFX). These strengths are crucial both to attracting inward investment and supporting indigenous production.

Investment in skills is also essential if the impact of the work of the British Film Commission (BFC) and the Lottery investment in film is to be maximised. Inward investment is heavily dependent on exporting skills and talent, both to traditional territories and to emerging markets and the work of the BFC is inextricably tied to investment in such skills. In its submission to the review the BFC has highlighted the risk that "increasing levels of investment in the training of filmmakers and technicians in other territories, along with improved fiscal incentives, will provide stiffer competition for future UK inward investment".⁸¹

In an era of globalisation, competition from overseas is increasingly fierce across the value chain, especially from emerging markets where labour costs are much lower. A long-term programme of investment in skills and talent across the film sector is essential if we are to retain our leading position in film.

A Bigger Picture, the report of the Film Policy Review Group published in 1998, concluded that there was a need for the British film industry "to ensure an adequate supply of appropriately skilled people"; and that this would "require a sustained increase in investment in training to deliver an improved strategy".⁸² To address this, the report recommended the introduction of a Skills Investment Fund (SIF), financed by a voluntary levy on productions filmed in the UK, and a new overarching strategy for training.



Left:
Nowhere Boy (2009)

Above:
Submarine (2011)

81 British Film Commission submission to the FPR, September 2011.

82 *A Bigger Picture*, the report of the Film Policy Review Group, published March 1998.

A Bigger Future

The SIF levy was established in 1999 and the investment raised (which has averaged £700,000 a year) allowed Skillset, the creative industries' Sector Skills Council (SSC), to begin to increase investment in the training needs of the industry. In 2004 Skillset launched *A Bigger Future* the world's first national film skills strategy. The strategy included measures to invest in the infrastructure to deliver skills, and to provide investment in training for new entrants and in professional development for industry practitioners. It was financed by Lottery funds and the SIF levy, with an annual budget of £7.7m.

An independent review of *A Bigger Future* in 2008 assessed the strengths and weaknesses of the strategy.⁸³ While praising the many achievements of this work, it concluded that a renewed focus was required on training in new technologies, improving business skills, developing creative talent, supporting new industry trainees and delivering diversity. *A Bigger Future 2*, a new three-year strategy, was launched in 2010 by Skillset and the UK Film Council (now replaced by the BFI). As a consequence of broader cuts in public spending, this strategy was supported by a reduced Lottery budget of £3.25m per year, with an additional £400k per annum specifically for the English Regions.

The evidence we have gathered suggests that it is important to build on the investment of Lottery money and the work of Skillset and its achievements over the last ten years in partnership with the UK Film Council. The Panel notes that since 2004 Skillset has subsidised over 19,000 places on training and education initiatives and leveraged over £70m in match funding since the strategy launched, helping to maximise the impact of Lottery investment. The Panel is pleased that Skillset has recently been awarded £6m by the Department for Business, Innovation and Skills (BIS) and the UK Commission for Employment and Skills in the Employer Investment Fund 2 (EIF2) bidding round. This money, which is spread over two years, will enable Skillset to continue to help its target industries develop the underpinning structures for better training and education delivery.

Right:
Bullet Boy (2004)



⁸³ BOP Consulting review of *A Bigger Future*, October 2008.

The diversity challenge

Due in part to the informality of its employment practices, the UK film industry has a tendency to over-representation of white males and under-representation of women and people from diverse groups. For example, in a city (London) where

24% of the workforce are from minority ethnic groups, the film production workforce is only 7% BAME. This disadvantage has persisted despite a decade of attempts to encourage greater diversity in employment.

Ethnicity of London film production workforce, 2002 and 2006

Ethnic group	London respondents 2002 %	London respondents 2006 %	All London workforce (LFS, 2004) %
White	94	93	76
Mixed	3	2	1
Asian or Asian British	1	1	11
Black or Black British	1	1	8
Chinese	—	1	1
Other	1	1	3

Source: UK Film Council Statistical Yearbook 2010, p. 187.

There is also a deficit of female writers and directors. In 2010, only 12% of writers and 13% of directors of British films were female. This despite the fact that some of the most successful British films in recent years (eg *Harry Potter*, *Mamma Mia!*,

Nanny McPhee, *StreetDance 3D*, *Kick-Ass*, *Bend it Like Beckham*, *Bridget Jones*) have been originated and/or written and/or directed by women.

Gender of directors of UK films released in the UK, 2007-2010

	2007	2008	2009	2010
Number of UK titles released in the UK	108	111	113	122
Number of directors associated with these titles	117	113	122	136
Number of male directors	110	100	101	119
Number of female directors	7	13	21	17
% male	94.0	88.5	82.8	87.5
% female	6.0	11.5	17.2	12.5

Source: BFI Statistical Yearbook 2011, p. 199.

Conclusions and Recommendations

The Panel wants to see continuing investment to deliver a skills strategy that ensures the UK film sector further strengthens its competitive position in the digital era. Future success will rely on building ladders of opportunity to support new talent across the film sector from production to archiving.

- 39. The Panel recommends that the BFI, in partnership with 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.**

A key issue that arose from the consultation is that there are too many atomised initiatives across the skills landscape, and therefore consolidation of some activities is required. For example, the Panel believes that there is a need for a single point of contact for careers advice, especially for people seeking ways into the sector. The BFI, as lead agency for film, should provide links and pathways to careers advice from others such as Skillset and Creative and Cultural Skills (CC Skills).



To support this and to provide a single focus for film skills, the Panel recommends that the two most relevant SSCs, Skillset and CC Skills, should merge. The Panel believes this merger is desirable because many of those who work in the creative industries work for employers across both existing SSCs: for example, technicians, writers and directors move between live performances and film and television productions. A merger would also reduce overhead costs and deliver better value for money.

It will of course be for the industry, employers, and the boards of both SSCs to determine how any merger should be taken forward. The Panel notes that following the movement of the advertising and publishing and the fashion and textile sectors, Skillset already covers the majority of the creative industries footprint, while CC Skills covers a smaller part of the footprint.

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

The consultation also highlighted the need for Skillset and the BFI to work in partnership with institutions in higher education to encourage the emergence of a greater number of creative entrepreneurs; and to deliver schemes to increase skills in critical areas such as 3D production, VFX and High Definition. This should be undertaken with universities such as Bournemouth, Abertay and others. "VFX is the fastest growing sector in the film industry, but there is a lack of high quality technical skills available – the UK is a centre of excellence for VFX, but this is not widely known, nor is it clear how young people can get into this line of work."⁸⁴ As referenced in the earlier chapter covering film education, the Government response to the *Next Gen* report, underlines how changes in classroom education could contribute to strengthening the UK's skills base in digital technologies (see page 16).

Left:
Millions (2004)
Danny Boyle on set

41. The Panel notes and welcomes the specialist courses at Bournemouth and Abertay, developed in partnership with the industry and Skillset, and would wish to see this approach built on to meet identified sectoral needs. We recommend that the BFI and Skillset work with 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 Skillset continues to develop similar schemes with business schools aimed at creating more entrepreneurs who want to work in film.

The issue of the need for training opportunities to be available to a diverse range of entrants, especially those from Black, Asian & Minority Ethnic (BAME) backgrounds has recently been highlighted by the useful work of Don Foster, MP. The Panel welcomes, for example, the Endemol placement scheme at Bournemouth University and wants to encourage other companies across the film and television industry to provide similar opportunities for individuals from a variety of diverse backgrounds. The BFI and Skillset should actively continue to promote these types of arrangement.

Further evidence from our review suggests UK film schools need to place more emphasis on the development of digital skills. The objective is to respond to the accelerated pace of digitisation. To facilitate this, the Panel has identified a need to ensure training facilities and equipment are cutting edge and that teachers and lecturers are experienced industry professionals capable

of delivering world-class training. The Review found this to be of particular importance for the three Skillset Screen Academies; the National Film and Television School (NFTS), the London Film School (LFS) and the Screen Academy Scotland.

42. The Panel recommends that the BFI, together with Skillset, HEFCE and the Scottish Funding Council, undertakes a review of the three 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.

There was a strong feeling amongst stakeholders suggesting that the Public Service Broadcasters (PSBs), in particular the BBC, have revised their training remits to the detriment of new talent.⁸⁵ It was suggested that their obligations in this context could be re-examined. The Panel understands that as part of its wider savings programme, Delivering Quality First (DQF), the BBC is considering cuts to its skills academy. The Panel is concerned that such cuts would undermine the stated aim of the BBC "to put training and development at the heart of the BBC and also work with the wider broadcast industry, equipping people with skills they need for a lifetime of employability in the ever-changing media landscape".⁸⁶ The Panel hopes that the outcome of the BBC's consultation on DQF will reflect the Corporation's commitment to skills and training, and funding for this area will be at least maintained between now and 2017.

⁸⁵ July 4 FPR meeting, chaired by Lord Fellowes, regarding development of writing and directing talent.

⁸⁶ BBC's Academy website – <http://www.bbcacademy.com/academy/index.php>

There is a perception within the creative community that shifting cultural priorities at the BBC have resulted in fewer opportunities for new talent to break through. This view is driven partly by the legacy of formats such as *Play for Today* that gave the BBC a reputation for developing outstanding talent. There is serious concern that if the BBC cuts its commitment to training then the successors to leading directors such as Ken Loach, Mike Leigh and Stephen Frears (all of whom were nurtured by the Corporation) will find it much harder to break into the industry.

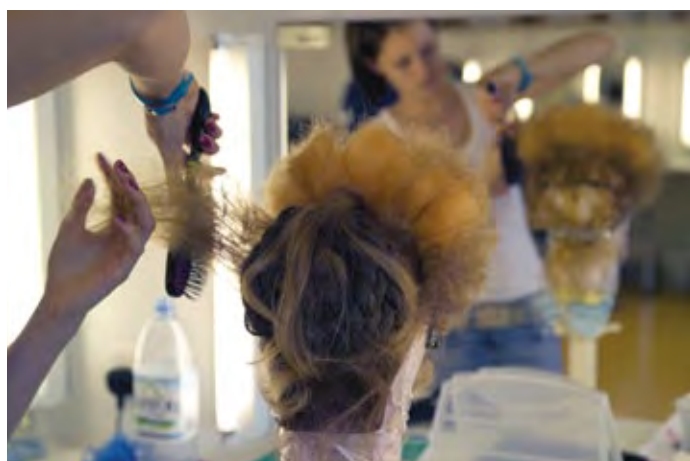
Evidence from the stakeholder meetings also suggested that there is dissatisfaction with the flexibility of training, which we were told tends to be focused on skills for television productions rather than on skills that are widely transferable. It is felt that more risks should be taken on new talent across the board and concern was expressed that the BBC lacks a training scheme focused on practitioners in digital media.

43. The Panel recommends that the BBC and other PSBs (working in partnership with 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.

In working with the Public Service Broadcasters, Creative England and the National Screen Agencies and the companies formed from the RSAs Skillset and the BFI must continue to improve their ability to identify and support creative talent across the UK. This review has identified a need to embrace and support talent development to the optimal extent in the Nations and Regions. Addressing this issue will help to ensure that the workforce in the film sector becomes more diverse.

44. The Panel recommends that the BFI works with and supports Creative England, the National Screen Agencies, Skillset and others to create a strategy to ensure diverse talent is found, supported and nurtured, outside of 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.

To maximise its chances of attracting the most talented individuals, the skills strategy for film must aim to recruit new entrants into the industry from the broadest possible range of backgrounds. One objective should be to recruit such individuals from diverse backgrounds into parts of the sector where there is significant under-representation as compared with the composition of the population as a whole. Respondents to the survey questionnaire felt diverse talent can be supported by greater equality of access to the sector as a whole. The Panel also noted that all funders and providers of training need to be familiar with their responsibilities under the Equality Act 2010.⁸⁷



Left:
Wig maker

Right:
Bend It Like Beckham (2002)
Gurinder Chadha on set

⁸⁷ <http://homeoffice.gov.uk/equalities/>

The Panel welcomes the success of micro-budget schemes such as Microwave, WarpX and i-Features. There is a need for the BFI to develop a strategy to build on these programmes providing links and best practice. In addition, the BFI could act as an online distributor as part of a strategy to revitalise low-budget filmmaking.

The Panel is encouraged also by the success of short film production schemes such as *Short Steps*, aimed at emerging writers and directors resident in Northern Ireland, the *It's My Shout* scheme in Wales and the Short Film scheme in Scotland. These schemes have encouraged the development of a greater diversity of talent across the UK.

Any skills strategy must also include the development of talent in film music. Music is an integral part of a successful movie, and British composers and musicians have had major successes in many films both past and present. Indeed, Britain's strength in musical composition and performance is one of the particular skills in which we punch above our weight across the world. There is a need, however, to nurture emerging composers, and partnerships for this work could be sought within the music industry.

While it is important to find and nurture new creative talent, including those working on their first film, the Panel also acknowledged the need to support people working on their second and third films. It is also important to create an environment that allows new talent to be less afraid of failure.

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 articulated to address the needs of those working on their second or third feature film.

A large number of stakeholders argued that those in receipt of public funding should be obliged to invest in new talent and the Panel supports this.

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.

A major issue concerning the Points-Based System (PBS) governing the use of non-indigenous labour was brought to our attention at the July stakeholder meeting. The failure to enforce properly the UK Border Agency's (UKBA) Code of Practice, which sits alongside the PBS, has become a critical issue for the production sector. This failure may have contributed to unemployment while also reducing the opportunities for the development of skills in a number of key positions within the production sector.

The Panel therefore suggests that the UKBA works closely with stakeholders to ensure a robust approach to monitoring compliance of the PBS and to ensure that both the letter and the spirit of the Code are being respected.

In our stakeholder meetings there were calls for more bursaries, internships and apprenticeships, specifically as a means of enabling greater diversity across the workforce. It was also noted that apprenticeships need focusing at a more senior level.

It was suggested that higher education and the industry must work more closely together to help ensure that the impact of public investment is maximised. A need was identified for an increased focus on training in practical filmmaking, such as that provided by Second Light. Such schemes could involve mentoring, work placements and networking opportunities.

47. The Panel recommends that 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 which 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 audiovisual industry are more closely related than ever and apprenticeship and training plans must reflect this increased overlap.

8. Screen Heritage

The UK's film archives, both in the Nations and the Regions, look after a vast quantity of films and film-related materials which the public has a real appetite to watch but which too rarely get seen. In a digital age access to the materials held in the archive should, in principle at least, be far easier than in the analogue era. The variety of devices on which audiovisual material can be viewed has mushroomed, and online delivery should make access far easier wherever audiences and users may be.

The practical reality, however, is far more complicated. The percentage of material readily accessible by the public in National and Regional Archives remains very small in proportion to the size of the collections. Most of the film material held in archives around the UK is owned by rights-holders who understandably will only make their material available in a way that is consistent with their commercial interests. Many works contain orphan rights where identification of holders of underlying rights is not possible, and many works are completely orphan, such that even the main rights-holder cannot be identified. Only a small proportion of the works are owned or controlled by archive bodies.

The material which is held in the UK's archives offers a wealth of opportunities for audiences; for users to appreciate its intrinsic cultural and artistic value, for people to learn about the world both as it is, and has been, through film, and to stimulate new creative work (especially in a digital age where legal repurposing of clips could drive innovation). But a set of interventions is needed to tackle the huge challenges around access and conservation, including intellectual property barriers, to ensure that these opportunities can be realised to the benefit of audiences throughout the UK.

In 2003 the House of Commons Culture, Media and Sport Committee recommended that:

"... the BFI should take the lead within the UK film and TV archive community and champion the whole sector, particularly the regional archives, alongside safeguarding its exemplary reputation amongst international peers. An over-arching national strategy promoting both good curatorship and increasing accessibility should be vigorously pursued."

The Screen Heritage UK (SHUK) programme, which was supported by £22.5m of capital investment from Government has facilitated new models of collaborative working in the sector. This investment has achieved much but the job is far from done and archives across the UK require investment across collections care and management as well as in digitisation and access programmes.



Left:
The Birds (1963)

Above:
Kes (1969)

Archives need investment in skills, equipment and infrastructure to prepare materials, manage process and preserve digital copies when they are made. There is a continuing need for investment in good quality storage for master film collections, especially in the English Regions, which will enable the original materials to be held safely for the foreseeable future.

There is also a need in certain contexts for material to be curated, including through crowd-sourcing of knowledge, so that audiences can derive maximum benefit from the work they see rather than just viewing material in an arbitrary or isolated fashion.

The BFI led on the work which has informed the conclusions and recommendations in this chapter. Recommendations were again informed by what was heard at BFI-led consultation seminars in Newcastle and London as well as by the Review's meetings, the online survey and other written submissions.

Below:
Carry On Cleo (1964)

Right:
British Movietone News



Conclusions and Recommendations

The Panel and the BFI believe that what is needed is a long-term vision for archive content which includes a joined-up approach to the UK's archive infrastructure and which gives the public access via many different platforms. Future policy should reinforce this vision for access whilst at the same time recognising the need for investment in core infrastructure to achieve it.

The consultation endorsed the leadership role of BFI across the film heritage sector, as a lead body in the international archiving community, and in the development and use of standards. The SHUK programme ensured key capital investments were made in significant collections held in the BFI National Archive and across the English Regions, specifically in much-needed storage and cataloguing, but revenue funding arrangements for regional collections need to be fully understood. The consultation made plain that this was a critical need if the long-term future of access to these collections is to be secured.

It has also become apparent that in light of rapid digital transition, there is an urgent need for investment to build and maintain a digital preservation infrastructure. Hundreds of thousands of works are held on obsolete analogue video tape for example, and must be migrated to digital or the nation risks losing these collections.

48. Building on the achievements of the Screen

Heritage UK 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 ongoing 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.



Cinema distribution and exhibition will soon be fully digital and anything stranded in the analogue domain will effectively be unavailable to the public until it is digitised. France, for example, is very advanced in the digitisation of its film heritage, with the result that classic French films could more readily be available to British audiences in the near future than their British equivalents. There was overwhelming support from the consultation for digitising the UK's most significant collections, including supporting materials which provide the context that is critical to understanding and enjoyment. The BFI should explore public/private models for delivering such investment.

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 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.

The SHUK programme has established a model for sharing data between film archives, enabling the public to gain access to information about collections, wherever they are held. This could form the core of a new UK Register of Screen Heritage, which would list all British works, the location of materials and associated rights information. Filmmakers and rights-holders would be encouraged and supported to contribute to the Register. Crowd-sourced tagging to extend public engagement should also be explored.



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

The BFI is designated as the National Television Archive under the Communications Act 2003. Under this Act, the PSB licence holders have to make an 'appropriate contribution' to the running of the Archive, with Ofcom determining the contribution. These PSB licences expire in 2014. There was concern that if the new Communications Act did not require broadcaster support for TV archiving there was a risk to legacy collections which need to be migrated from obsolete formats, and a significant risk of losing the UK television heritage and the benefits of the investment made to date.

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

Some 75 per cent of British feature films are not being archived with a risk of works being lost. Production companies value their catalogues, but they are not well equipped for long-term preservation. The risk of loss increases in the digital era and soon it will not be possible to collect film in anything other than digital form. Research shows that without a proactive approach to preservation, digital cinema masters will be unreadable within five to 10 years. Research also shows that around the world, voluntary deposit schemes are ineffective.

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.

Left:
Brassed Off (1996)

Film archives

In order to preserve and make accessible the history of UK film and television, the UK has a number of public and private archives (National, Regional, UK-wide and Corporate). Items in the archives must be physically preserved, indexed, made

available for library viewing and, where possible, made accessible for wide public and commercial viewing. The archives need to be digitised for online and other forms of digital viewing by the public. To give an idea of the scale of the challenge, the following table gives the dimensions of the BFI National Collection.

BFI National Collection

Item	Quantity
Fiction film titles	60,000
Non-fiction titles (documentaries, newsreels, government films, sponsored films, advertisements, home movies etc)	120,000
Television titles	750,000
Books (including video directories, festival catalogues, brochures, film catalogues, trade journals, annual reports etc)	45,000
Unpublished scripts	20,000
Pressbooks	25,000
Film posters	25,000
Cinema ephemera	2,000
Personal and company papers (eg the papers of Carol Reed, Derek Jarman, David Lean etc)	600 collections
Still images related to films and TV programmes	1,000,000
Production and costume designs (including <i>The Red Shoes</i> , <i>Lawrence of Arabia</i> , <i>Doctor Zhivago</i> , <i>A Passage to India</i>)	3,000
Animation cels	3,000
Recordings of the Houses of Parliament and Select Committees	60,000 hours
Other audio collections	Extensive

Source: BFI.

Of the above, the numbers of films and TV titles currently available to the public on a commercial basis are the following:

Titles available commercially to the public

Item	Number commercially available
British feature films	~ 1,500
British television titles	~ 10,000

Source: BFI.

9. Research and Knowledge

One of the most striking findings of the Review is that the evidence base underlying UK film policy remains patchy. The Review collected evidence from multiple sources in order to assure the accuracy of findings where possible. Each source has strengths and weaknesses.⁸⁸

In investigating published UK Film Council strategy documents and reports we found that they had not all been collated systematically, or actively disseminated throughout the industry and wider film community.

Knowledge of highly complex issues was fragmented and neither centrally held nor categorised. There is no systematic, publicly accessible knowledge bank to make available the learning and experience from executives and the operation of funds and strategy.

However, the output of the UK Film Council's Research and Statistics Unit (RSU), which published an annual statistical yearbook and other film statistics on a regular basis, was extremely useful to the Review Panel.

Statistical data are, though, descriptive rather than evaluative. They illustrate rather than explain particular aspects of the film landscape. They do not, by themselves, tell us how we could seek to achieve our policy objectives. Because of the limited resources available, the collection of film industry statistics to date has not been able to extend to full collaboration with business to gather micro-economic data, to elicit how businesses work and to determine where there are bottlenecks to the industry's success. Further work on the audience and film culture would also help deliver a better understanding of the impact of film policy in the UK.

A radically new approach is required to collecting and making available information, particularly in the wake of the Government's commitment to open data.

For this reason we recommend establishing a well-resourced 'Research and Knowledge' function at the BFI, focused on creating knowledge and an evidence base as well as on the publication of statistics. This should be as open and innovative as possible, taking advantage of digital technology to create for the first time a comprehensive repository of knowledge about film in the UK.



Left:
Tinker Tailor Soldier Spy (2011)

⁸⁸ For example, submissions allow for a wide range of themes and issues to be raised, but are hard to evaluate with rigour. Stakeholder meetings and structured interviews are targeted and are rich and insightful, but there can be biases due to sectoral interests. Pro-bono panels bring experience and credibility, but there are the risks of 'groupthink' and unclear definitions of responsibility.

We also recommend adding a reflective or research-led component to the BFI and Lottery public interventions, to be able to produce and disseminate learning from all interventions. Research is also needed to improve our methods for evaluating both the cultural and economic objectives of film policy. Taken together, these results will help improve industry knowledge and policy proposals going forward.

Research-led knowledge and the film industry

A more robust evidence base could contribute to thinking about what form a public strategic body for film might take in the digital age.

Authors such as Rodrik, Bakhshi and others (2011) argue that a future-proof way of thinking about any industrial policy is as a 'discovery process', one where businesses and governments learn about underlying challenges and opportunities and engage in strategic co-ordination (each learning about the constraints faced by the other).⁸⁹ In a sector affected by market failure and characterised by uncertainty, supportive policies should be as much about eliciting information from the private sector on significant problems as they are about implementing particular solutions.

We need to focus on improving this process by allocating additional resources to it. We need to design a setting in which private and public representatives come together to solve problems; building on, and learning from, past experience.

The BFI should follow best practice (for example, the standards set in HMT's Magenta Book) in developing and evaluating film policy.⁹⁰ This involves:

- a) Defining aims: what do we want to see happen that is not already happening (culturally and industrially)?
- b) Evaluating the impact of existing policy.
- c) Identifying continuing problems/challenges.
- d) Assessing whether these are capable of being addressed by public policy in a cost-effective manner.
- e) Designing/amending policy accordingly.
- f) Evaluating the impact of new/amended policy.
- g) Ensuring that all the key documents and analyses are published, catalogued and available to policy analysts, academia and the public.

Right:
Shaun of the Dead (2004)

⁸⁹ See for instance *Industrial Policy for the Twenty First Century*, discussed in Bakhshi, H., Freeman, A and Potts, J. (2011), *State of Uncertainty* http://www.nesta.org.uk/publications/provocations/assets/features/state_of_uncertainty

⁹⁰ <http://www.hm-treasury.gov.uk/magentabook>



Conclusions and Recommendations

The BFI Research & Knowledge function would be able to foster strategic collaboration between public policy, industry and wider film stakeholders.

It would involve a new partnership between stakeholders and the BFI. This proposal sees the BFI as a 'knowledge-creating' organisation, one of whose priorities is the creation and dissemination of learning.⁹¹

To be able to do this, recipients of public support would need to agree to collaborate by sharing data and participating in research projects. This could be a fair *quid pro quo* for receiving public funding.

Additionally, the BFI should seek appropriate long-term collaborations with universities that could build the knowledge base for film policy through combining new research with the theoretical and methodological expertise of academia. Such collaborations could be of interest to funding and sponsorship bodies such as the Arts and Humanities Research Council (AHRC).

To ensure the continued production of high-quality statistics on UK film we recommend that the BFI be designated a 'producer of official statistics' under the Statistics and Registration Service Act 2007, as was the UK Film Council up until 2011.⁹²

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.

Right:
Hunger (2008)



⁹¹ See for example Nonaka, I & Takeuchi, H *The Knowledge-Creating Company*.

⁹² We also recommend that the BFI, in addition to depositing all key UK film policy documents, evaluations and statistics in the BFI Library, should deposit these items with the British Library and other appropriate UK libraries of record so that they are available to the film, policy and academic communities and to future generations.

10. BFI: The New Lead Agency for Film

Since April 2011, the BFI has been the UK Government's lead agency for film, building on a legacy of almost 80 years and the recent work of the UK Film Council (UKFC). The BFI has taken on many of the UKFC's activities and, as a result, now has a much larger set of responsibilities spanning both culture and industry.

The changes the organisation needs to make as a consequence will have to be significant and far reaching. It has undertaken a review of its management structures to ensure they are properly equipped to take up these functions. The BFI's Forward Plan, on which it will consult in 2012, is in development and will be informed by the recommendations in this Review.

The BFI's Forward Plan work has identified potential strategic priorities around creating a lifelong relationship with film for the UK population and with regard to championing British film and British film talent. The BFI now has the opportunity to build on its tradition of reaching out to audiences and to explore the power of film in energising communities.

The BFI's Forward Plan work has also identified an appetite among stakeholders for the organisation to explore future challenges through an ambitious research and development strategy. Combined with this, stakeholders have highlighted a need to measure all public interventions and manage the knowledge base, as has already been addressed in the Research and Knowledge chapter.

The consultation evidence for the Review has supported these strategic priorities, as well as a call for more active engagement with Europe and with both established and emerging international markets, recognising that all moving image industries are now international in a way they have never been before. There is a strong desire to see this new leadership body supporting and developing those initiatives already happening organically in regional clusters.



Left:
The Deep Blue Sea (2011)

The BFI has been given a remit to support the industry in the Nations and the Regions of the UK, and to lead on all aspects of film culture including audience development and education. Work in support of the certification of culturally British films for the purposes of the film tax relief has also been transferred to the BFI, as has work supporting the MEDIA Desk UK, part of the European Union's programme to strengthen the competitiveness of audiovisual product.

The BFI is a distributor of Lottery money and grant-in-aid for film across the UK, including funds for production and development through its Film Fund, for film education through grants to FILMCLUB and First Light and support for the distribution of British and specialised film via its P&A Fund. It is also the custodian of the BFI National Archive. Lottery funding to support film will increase from the present £27m to more than £40m by 2014. Through its support of the British Film Commission the BFI also helps attract inward investment to the UK.

The BFI has a remit for both cultural and industrial concerns and working with partners across the UK must now take a 360° approach to its responsibilities connecting education and skills with development and production with distribution, exhibition and heritage.

The Panel endorses calls to support the 'Greening Film' campaign and welcomes the BFI's initiative in launching BS8909, the official standard for "the sustainable management of the UK film industry". The film industry is in a strong position to lead the way and inspire other areas of business to follow. We recommend that the BFI works with the Film Industry British Standard Working Group and that other industry bodies actively promote its adoption.

As this report has already indicated, 2011 has been a very successful year for British film, both at the box office and on the festival circuit. This success is testament to the legacy of the UK Film Council. It also provides a platform on which BFI can build its future strategy.



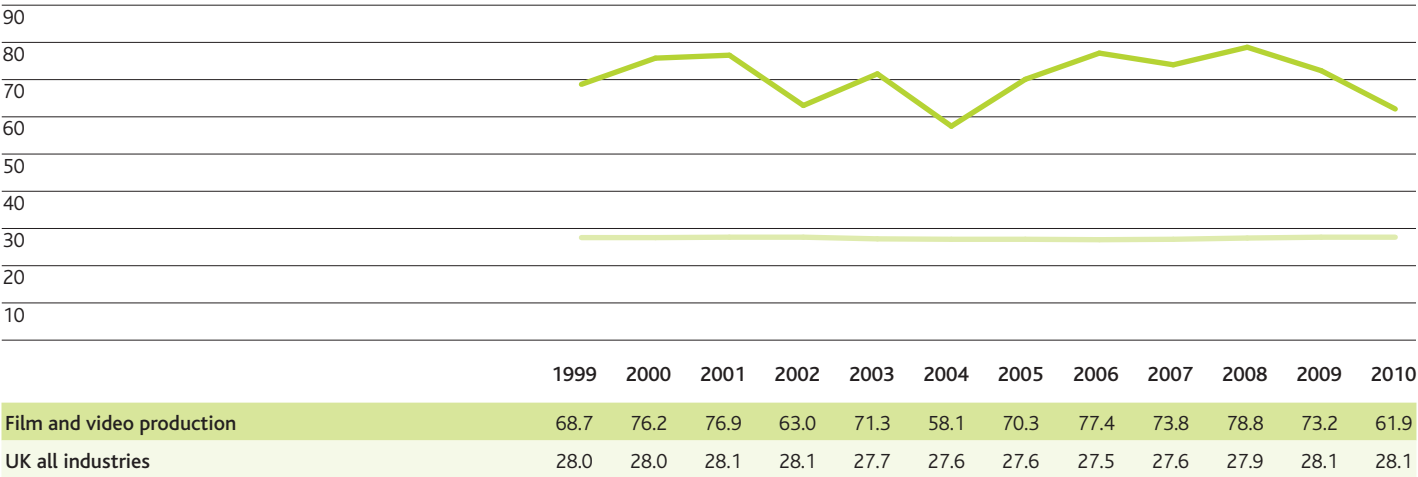
Above:
Get Carter (1971)

The National and Regional challenge

Despite support for out-of-London film activities from National and Regional screen agencies, the UK film industry remains a London-centric business, with studios, facilities and film companies concentrated in the West End, East London and

the 'studio belt' from Shepperton to Leavesden. This is of great benefit to London, which is one of the world's leading centres for film production, but presents challenges for the development of talent and on-screen representation of the UK's Nations and Regions.

London and South East share of the film and video production and all-industries workforce, 1999-2010
%



Source: BFI Statistical Yearbook 2011, p. 200.

Conclusions and Recommendations

Throughout our consultation, we have received a very strong message from stakeholders that there is a continuing requirement for a single, strong leadership body for film in the UK. The industry has expressed concern that the positives from the legacy of the UK Film Council (UKFC) should not be lost. The consensus is that the UKFC provided the UK film industry with a sense of confidence and cohesion, which it previously lacked. The BFI needs to pick up this baton and provide strong leadership for UK film.

54. 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.

This review has been conducted against the backdrop of "gloomy forecasts of lacklustre economic growth and rising government debt"⁹³; this means that, in addition to aiming to deliver economic growth, part of the focus of public agencies must be on making public money go further. Apart from the increased Lottery funding that will become available after 2012 there will be no additional grant-in-aid until at least the end of this spending period, in 2014/15.

Therefore it is incumbent upon public sector bodies such as the BFI and its partners to work together to aggregate funding, to build partnerships for match funding and to actively seek out further sponsorship deals; and build a network of potential philanthropic donors.

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.

Building on the previous recommendation and on the need for partnership working which has permeated this Review, the Panel heard the call from industry for their lead body to demonstrate greater transparency, accessibility and collaboration.

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).⁹⁴ 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.

The Panel is confident that the BFI will rise to the new challenges and opportunities that it now faces. The agenda for the next few years should be to build on the current strength of British film, to help both inward investment and independent British production, to develop skills and talent, to build a broader and more active audience, and to take a leadership role in the sector. We hope that the recommendations we have outlined in our Review will help the BFI to seize these opportunities.

⁹³ Robert Peston, BBC online business news, 30 November 2011

⁹⁴ <http://www.cabinetoffice.gov.uk/sites/default/files/resources/outline-triennial-review.pdf>

Full List of Recommendations



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.

2. The Panel recommends 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 ongoing series of British film days.

3. The Panel recommends the BFI should put in place a strategy which develops a UK-wide film network, based on the existing 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.

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 for film 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.

5. The Panel recommends that the Big Lottery Fund 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 even further.

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.

7. Building on the success and expertise of current providers, we recommend 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, DfE and industry bodies in partnership with the DfE and the respective education departments for Devolved Administrations (DAs); and with industry bodies.

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

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.

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

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.

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.

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.

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.

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

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

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.

18. The Panel recommends that the BFI ensures there is a transparent and accountable mechanism to deliver plurality of taste among gatekeepers of funds, especially in relation to development and production funding.

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.

20. The Panel recommends the BFI introduces a funding mechanism to enable recycling successfully returned development funding back to companies that achieved that success, to be reinvested in further development activity.

21. The Panel recommends the BFI makes allowance for development funding that recognises the unique challenges of animation development.

22. The Panel recommends that the BFI supports the development and production of independent British family films for children and their parents or carers.

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 creates Joint Venture Lottery funding to be accessed by partnerships between producers and distributors.

24. The Panel recommends that 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.

25. The Panel recommends that 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.

26. The Panel further recommends that 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.

27. The Panel recommends that 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).

28. The Panel recommends that, in order to implement the recommendations concerning recoupment, Government encourages 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.

29. The Panel welcomes proposed changes to 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.

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.

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.

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.

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.

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.

35. The Panel therefore recommends that the BFI produces and implements a robust, cohesive international strategy for UK film, working with the 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.

36. The Panel recommends that 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.

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 exploit best 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 in regard to the issue of 'used or consumed'.

38. The Panel welcomes BBC Worldwide's 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 Worldwide'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.

39. The Panel recommends that the BFI, in partnership with 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.

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

41. The Panel notes and welcomes the specialist courses at Bournemouth and Abertay, developed in partnership with the industry and Skillset, and would wish to see this approach built on to meet identified sectorial needs. We recommend that the BFI and Skillset work with 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 Skillset continues to develop similar schemes with business schools aimed at creating more entrepreneurs who want to work in film.

42. The Panel recommends that the BFI, together with Skillset, HEFCE and the Scottish Funding Council, undertakes a review of the three 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.

43. The Panel recommends that the BBC and other PSBs (working in partnership with 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.

44. The Panel recommends that the BFI works with and supports Creative England, the National Screen Agencies, Skillset and others to create a strategy to ensure diverse talent is found, supported and nurtured, outside of 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.

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 articulated to address the needs of those working on their second or third feature film.

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.

47. The Panel recommends that 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 which 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 audiovisual industry are more closely related than ever and apprenticeship and training plans must reflect this increased overlap.

48. Building on the achievements of the Screen Heritage UK 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 ongoing 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.

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 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.

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

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

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.

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.

54. 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.

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.

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.

Annexes

Annex 1

Summary of the report on the Film Policy Review online survey

Between June and September 2011, the Film Policy Review (FPR) team conducted an online survey open to film practitioners and members of the public. This consisted of 89 questions relating to all parts of the industry, with respondents asked to identify their area(s) of professional interest and expertise.

By the closing date, over 300 responses had been received, 252 substantive.

A broad range of interests was represented in the survey responses, with respondents identifying themselves most frequently as film crew (15.1%), film skills provider (12.2%), producer (11%), film education provider (10.7%), sales agent (7.9%) and creative talent (7.7%).

The full 73-page report on the Film Policy Review survey can be found online in the film policy review pages at:
www.culture.gov.uk

Annex 2

Master evidence list

Submissions to the Film Policy Review

104 films	British Academy of Film and Television Arts	Directors UK	Ideas For Policy (Ifpol)
1066 The Film PLC	British Council	D-Media Network	Independent Cinema Office
Acrobat Television	British Federation of Film Societies & Regional Screen Scotland	dotMOV Ltd	Independent Film Distributors' Association
Advance Films	British Federation of Film Societies	Dreamfinder Productions/ Vicarious Dreams/ Producers' Forum	Independent Film Parliament
Aframe	British Film Commission	Dundee Contemporary Arts	Industry Trust for IP Awareness
Aldeburgh Cinema	British Screen Advisory Council	Ealing, Hammersmith and West London College	Ingenious Media
Association of Motion Picture Sound	British Universities Film & Video Council	Ealing Studios	Keen City Productions Ltd.
Animation Alliance UK	British Video Association	EM Media	Keswick Film Club
Animation sector joint response	Broadway Cinema	eon productions	King Chain Productions
Arts Council England	Bude Community Cinema	Equity	Largs Film Society
Artrix Bromsgrove	Burning Films Ltd	Faction North Ltd	Laughton Media Associates
Association of Motion Picture Sound	Cambridgeshire Film Consortium	Film Archives UK	Light House, Wolverhampton
Available Light Advisory	Catsnake	Film Agency Wales	London Film School
Aylett Holly, Christie Ian, Kelly David, Tongue Carole	Centre Film Sales Ltd	Film Distributors' Association	London Film School/ National Film and Television School (joint)
Ballpark productions	Channel 4	Film Industry Export Alliance	Media Archive for Central England
B3 Media	Children's Media Foundation	Film Education	Media Arts, Royal Holloway University London
Barbican Centre	Chorley Empire Community Cinema	Film Export	Media Education Wales
BBC	Cine Guilds of Great Britain	Film London	Motion Picture Association
BCU	Cineclub	Film: 21st Century Literacy	Moving Image Training Alliance
Broadcasting, Entertainment, Cinematograph and Theatre Union	Cinema Exhibitors' Association	FILMCLUB	Moviola
Berwick Film Society	Cinema Plus	First Light	National Association of Screen Make-up Artists and Hairdressers
Bessborough Consulting Partners	City Screen	Flicks in the Sticks	National Film and Television School
Bigger Pictures	Cornerhouse	Forest Row Film Society	National Media Museum
Birds Eye View	Creative England	Goldsmiths, University of London	
Blake Friedmann Literary Agency	Creative Scotland	Greenshoot Ltd	
Blue Heaven Productions, Screen South, Creative England	Creativity Media	Guild of British Film Television Editors	
		Ian Palmer Sound	
		Ideal Films Ltd	

National Screen and Sound Archive of Wales	Script Factory	The Media, Communication and Cultural Studies Association
NESTA	See-Saw Films	The Salt Company
New Wave Films	Showroom Cinema (Sheffield Media Centre Ltd)	The South Yorkshire Filmmakers Network
no.w.here	Showroom Workstation	The Video College
North West Film Archive	Shudder Films	Tornado Films Ltd
Northern Film & Media	Sixteen Films	Tricycle/Watermans Arts
Oodle studios	Skillset	Tyneside Cinema
Outcasting	Skillset Craft and Technical Skills Academy	University of Salford
PACT	Skreba-Creon Films, Greenpoint Films, Arts Alliance Media, Ritzy Cinema	University of York, Department of Theatre, Film and Television
PBQ Consortium	Sky	UK Film Festivals Network
Pinball Films Ltd	South West Screen	UK Screen Association
Pinewood Studios	Southwark and Camden and Lewisham Film Offices	Verve Pictures
Plymouth University	Strode Film Theatre, Street	Viacom
Portmoak Film Society	Studio eight Productions Ltd	Vision+Media
Power to the Pixel	Studio of the North/ FearFactory	W3KTS Limited
Production Guild	Swish Films and Edge Hill University	Watershed
Pull Back Camera Ltd	Sylvester Media	Welsh Government
Punk Cinema Ltd	Sympathetic Ink Ltd	Women in Film &TV
QUAD	The Anthony Williams Consultancy	The Works
Reel Solutions	The Barn Cinema, Dartington	World Picture Films
Resource Productions	The Children's Media Foundation	Writers' Guild
Revitalising the Regions/ SHUK	The Illuminated Film Company	Writers' Guild of Great Britain
Rob Knox Film Festival	The Imaginox Academy of Creative Arts	York St John University
Roxy Bar & Screen		Yorkshire Exhibitors & Education Group
Ruby Films		Your Local Cinema.com
Sara Curran, Solicitors		
Schoenfeld Films Ltd		
Scottish Government		
Scottish Screen Archive, National Library of Scotland		
Screen Archive South East		
Screen Yorkshire		

The Panel also received a number of submissions from organisations and individuals who wish to remain anonymous.

Master evidence list

Other sources of information

Author	Title	Date
Academy of Motion Picture Arts and Sciences	The Digital Dilemma	2007
ACE	Ateliers du Cinéma Européen Seminar Report	Jun-05
ACE	Ateliers du Cinéma Européen Seminar Report	2005
ACE/BFI/HLF	Letter to Ed Vaizey about Henley Review	Sep-09
Artificial Eye	Evidence on the VPF	Sep-11
Attentional	A Study of Feature Film Development and Screenwriter Development Training in the UK	Sep-07
Attentional	AVMS report for the European Commission	May-09
Auty, Chris	Distribution and Exhibition Incentives for Britain plc	Jan-11
BBC	Film Strategy	Oct-09
BECTU	Mind the Funding Gap: report on levies	Mar-09
BFI	Certification Statistics	Aug-11
BFI	Film UK: 2002-2010	Aug-11
BFI	List of Lottery funded films	Jul-11
BFI	Yearbook	Aug-11
BFI	Response to Green Paper – Online Distribution of AV works in the EU etc.	2011
Bhakshi, Hasan	<i>The Stage</i> magazine – article on the future of arts funding	Jul-11
BOP Consulting	UKFC Review of <i>A Bigger Future</i>	Oct-08
BOP/Olsberg/SPI	Monitoring & Evaluation of the Digital Film Archive	Sep-11
BSAC	Scoping the Future Policy for Film	Feb-11
BSAC	Thoughts on UK film policy in response to the UKFC report <i>UK film: Digital Innovation and Creative Excellence</i>	Feb-10
Buckingham, Peter	Supporting D-Cinema with data – UKFC	Nov-10
BVA	UK Video Entertainment Map Landscape	Jul-11
BVA	Update on digital services	Jul-11
Canning, Iain	Waterfall diagram of profits for <i>The King's Speech</i>	Jul-11
Caves, Richard. E	Creative Industries. Contracts between Art and Commerce	Dec-99
Cheek, Rob	The Film Business Academy: Co-operation in a public sector joint venture	May-11
Cheek, Rob	Rebooting UK Film Policy	Feb-10
Cheek, Rob	Future of Lottery Funds Invested In Production and Distribution	Oct-10
Cinesa	Evolution of the Spanish Market	May-11
CMS Select Cmte	The British Film Industry, 6th Report of Session	2002-03
Competition Commission	Movies on Pay TV market investigation	Ongoing
Cosgrove, Mark	Independent Cultural Cinema Exhibition	May-11
Cosgrove, Mark	Producing the Future: Understanding Watershed's Role In Ecosystems of Cultural Innovation	
Cooper, Adam	21st Century Film Literacy	Jul-11
Crofts, Charlotte	Cinema Distribution in the Age of Digital Projection	
Crossick, Geoffrey	The Future Is More Than Just Tomorrow	Sep-10
Crossick, Geoffrey	Knowledge Transfer Without Widgets	May-06
Crossick, Geoffrey	Who Now Believes In Widgets?	Oct-09
CSI magazine	Future of online movie distribution	Oct-11

CSI magazine	Cloud computing security	Oct-11
Culture Shift	Second Light: Final Evaluation Report	Aug-11
Curzon	Curzon paper on the iCinema	2011
Deloitte	Lottery Finance Review – analysis of performance of franchises	Jun-05
Dickinson, Margaret & Street, Sarah	Cinema and State	Jan-85
Dickinson, Margaret & Harvey, Sylvia	Public policy and public funding for film: some recent developments in the UK	Apr-05
EM Media	Creative Achievements 2009/10	2011
EM Media	Economic Achievements 2009/10	2011
EM Media	Cinehubs – East Midlands Phase 2 Pilot Report	May-11
EM Media	Talent Development Review Strategy	2011
FERA	DCMS evidence on public service media content	2007
Film4	Film4 and the Lottery Production Fund: A Vision For Supporting the UK Film Industry	
Film Club	Report for the Department of Education	Mar-11
Film Club/UKFC	Using Film In Schools: A Practical Guide	Jul-05
First Light	Paper on First and Second Light	Aug-11
Friedman, Julian	Editorial, <i>Scriptwriter</i> magazine	Mar-05
Golant Media Ventures	The Regional Film Archives of England – Palette of Options etc.	Apr-11
Goldcrest	UKFC RIP – What's Next?	Jun-10
Govt	CSR: A New Approach To Investment in Culture	Mar-00
Govt	Reform of Film Tax Incentives: Promoting the Sustainable Production of Culturally British Films	Jul-05
Govt – DCMS	<i>A Bigger Picture</i>	1998
Grant, Peter S	Blockbusters and Trade Wars	Jun-04
Grant, Peter S & Houle, Michel	Broadcast Support for Canadian Feature Film	Feb-09
Grant Thornton	Integration Blueprint: BFI/UKFC merger paper	Feb-09
Hargreaves, Ian	Hargreaves Report on IP and growth	Jun-11
Harvard Business Review	How Pixar Fosters Collective Creativity	Sep-08
Harvey, Iain	Proposals for Improving Support for Development and Funding of Independent UK Animated Features	Aug-11
Henley, Darren	Henley Review	Jun-11
Hope, Alex/Livingstone, Ian	<i>Next Gen</i>	Feb-11
House of Lords, Select Committee on Communications	The British film and television industries – decline or opportunity?	Jan-10
IFDA	Evidence on the P&A fund and the VPF	Jul-11
Institute for Government	Read Before Burning: Arm's length government for a new administration	Jul-10
Kamasa, Z	Broadcast Quotas	Sep-11
KPMG	Specialised Exhibition and Distribution Strategy (for UKFC)	Jan-02
Kuhn, Michael	UKFC RIP: What Next?	Jun-10
Lampel, J, Lant, T and Shamsie, J	Balancing Act: Learning from Organizing Practices in Cultural Industries	2000
Laughton CBE, Roger	Archive strategy – a personal note	Oct-11
Lee, James	Beyond the UKFC	Jun-10
Lovefilm	British Film Survey	Jul-11
Mansfield, Maud	A Report on the British Film Industry for the Shadow DCMS	Oct-09
Mintel	UK Film Industry (The), Leisure Intelligence	2008
MPA	Letter to Ed Vaizey on piracy and the Newzbin case	Jun-11

Northern Alliance	Analysis of the corporate finance of SMEs in the UK film industry	Oct-09
Northern Alliance	Low and Micro Budget Film Production (for UKFC)	Jun-08
Northern Alliance	Review of Short Film in the UK & UKFCS support 2001-2009	Oct-09
Odeon/Amaze	Backing British Film data	Jun-11
Ofcom	Movie Markets in the UK. Annex 11 to pay TV market investigation consultation	Dec-07
Olsberg	London UK Film Focus	Jun-09
Olsberg	Talent Development Review Report for UKFC	Dec-09
Olsberg/SPI	Business Plan for the UK Strategy for Film Heritage (for BFI)	May-07
Olsberg/SPI	Options Paper for UK Strategy for Film Heritage Group meeting	Mar-07
Olsberg/SPI	Generating Sustainable Sources of Income for Screen Yorkshire	Feb-09
Olsberg/ SPI	Independent Review of London Film Focus	Aug-09
Oxford Economics	The True Value of Video Entertainment	Jun-11
Oxford Economics	The Economic Impact of the UK Film Industry	Jun-10
PACT	A New Business Model for UK Film Producers	Apr-10
PACT commissioned	Screen Digest report on Exhibition	Sep-11
Pennington, Adrian	The Future of Online Movie Distribution	Sep-11
Perry CBE, Simon	Rehabilitation of the UK as a European Country	Sep-11
Puttnam, Lord	Undeclared War	Nov-97
Puttnam, Lord	Speeches to the FDA	Mar-11 and Oct-11
Rodrik, Dani	Industrial Policy for the twenty-first century	Sep-04
RSM Tenon	Enterprise Investment Scheme	Sep-11
Scrope, Adrian	Financing for the UK Film Industry	Oct-04
Skillset	A Bigger Future	Jun-04
Sony Pictures	UK Digital Discussion	Sep-11
Sony/First Movies International	Best of British: Exploring Current Perceptions of British Film Talent	
Sunday Times	<i>Sunday Times</i> article on Ultraviolet and piracy	Jul-11
TERA	Building A Digital Economy: the Importance of Saving Jobs in the EU's Creative Industries	Mar-10
Thompson, Barnaby	Britain can become global hub of independent film industry	Sep-11
Tongue, Carole	Citizens Coalition for PSB	Nov-09
Tongue, Carole et al	House of Lords transcript of discussion on film	May-09
UH/BFI/Available Light	Research & Policymaking for Film (summary for DCMS)	Nov-11
UFUS	Michael Kuhn proposal for distributing UK films in the US	
UKFC press release	Annual Statistics 2010	2011
UKFC	Specialised Exhibition and Distribution Strategy	Jan-02
UKFC	Building a Sustainable Film Industry: Speech by Sir Alan Parker	Nov-02
UKFC	Our Second Three Year Plan: Funding and policy priorities April 2004-March 2007	2003
UKFC	Reforming the UK Film industry: the effective distribution of qualifying UK films using fiscal support	2005
UKFC	Options Arising From a Review of Film Policy: a paper for James Purnell	Sep-05
UKFC/BBC	Memorandum of Understanding	Feb-06
UKFC	UK Film Sales Sector Study	May-06
UKFC	Comments on Ofcom's PSB Review ToR	Sep-07
UKFC	Development and Training in the UK	Nov-07
UKFC	Building sustainability in the UK film production sector, Board paper	Feb-08

UKFC	Towards a sustainable UK film production sector, Board Paper	Apr-08
UKFC	Film and Public Service Broadcasters in a Digital Age	Sep-08
UKFC	Response to Digital Britain	Mar-09
UKFC	Scenario Planning for 2010-13 – How Effective Have Our Interventions and Policies Been to Date?	Mar-09
UKFC	UK film: Digital Innovation and Creative Excellence	Nov-09
UKFC	Shorts Review	Dec-09
UKFC	UKFC Group and Lottery Annual Report	Mar-10
UKFC	Building UK Film Companies	Jun-10
UKFC	Board Papers on the Film Fund/Development Fund	
UKFC	Towards a Sustainable Film Industry	2000
UNIC	Windows Digital Cinema Admissions & Box Office	Jun-11
Vertigo	Initial Ideas to Facilitate the Creation of a Sustainable British Film Industry	Jun-10
Vodafone	The Economics of the Internet	Apr-10
Watson, Neil	The State & Film Policy – a selective overview (1985-2000)	Feb-01
WGGB/DUK/PACT	Creatives mean Business	2011
Withers	BFI/UKFC merger advice	
Various	Documents provided by the CEA on overseas legislation	Various

Overseas evidence came from:

France – Philippe Carcassonne (producer, Cine a) and Ronan Girre (Ateliers du Cinéma Européen)

Sweden – Christer Nilson (producer) and Charlotta Denward (Swedish Film Institute)

Australia – Emile Sherman (producer, See-Saw Films) and Matthew Deaner (Screen Australia)

Canada – Peter S Grant (McCarthy Tetrault) and Karyn R Wichers (Dept of Canadian Heritage)

Annex 3

List of panel and stakeholder meetings

Date	Panel and stakeholder meetings
01.06.11	Panel meeting
14.06.11	Film Distributors' Association stakeholder meeting
16.06.11	Representatives from Screen Agencies in Northern Ireland and Wales
17.06.11	Independent Distributors' stakeholder meeting
24.06.11	First Producers' stakeholder meeting
04.07.11	Panel meeting
04.07.11	Inward Investment stakeholder meeting
05.07.11	Exhibition stakeholder meeting
05.07.11	First Digital Innovation stakeholder meeting
07.07.11	Film Export stakeholder meeting
08.07.11	Talent (Schools & Skills) stakeholder meeting
12.07.11	British Screen Advisory Council meeting: Interview and Q&A with Lord Smith
13.07.11	Ministerial Film Forum
14.07.11	Second Digital Innovation stakeholder meeting
15.07.11	Public Financiers' stakeholder meeting
18.07.11	Private Financiers' stakeholder meeting
18.07.11	Financiers/Sales Agents' stakeholder meeting
28.07.11	Odeon/Amaze consumer survey results meeting
28.07.11	Second Producers' stakeholder meeting
03.08.11	Talent (Screenwriters, Agents & Directors) stakeholder meeting
23.08.11	Education stakeholder event, Newcastle
24.08.11	New Talent Initiatives stakeholder meeting
25.08.11	Education stakeholder event, London
25.08.11	Talent in the Nations & Regions meeting, Leeds
31.08.11	Panel visit to the set of Paramount's WWZ in Aldershot
08.09.11	Panel meeting
15.09.11	Independent Exhibitors' stakeholder meeting, Bristol
26.09.11	Panel meeting
26.09.11	Talent (Screenwriters, Agents & Directors) stakeholder meeting
04.10.11	Lord Smith visit to Warner Bros' Leavesden Studios
06.10.11	Panel meeting
10.10.11	Film in the Regions stakeholder meeting, Manchester
14.10.11	Producers/Distributor stakeholder meeting
20.10.11	Panel meeting
01.11.11	Panel meeting
14.11.11	Panel meeting
24.11.11	Producer/Distributor stakeholder meeting
29.11.11	Panel meeting
08.12.11	Panel meeting

Plus meetings and conversations with

Abraham, David, Channel 4	Knatchbull, Philip, Curzon Artificial Eye
Adams, John, University of Bristol	Knox, Marie, Welsh Assembly Government
Bakhshi, Hasan, NESTA	Kuhn, Michael, film producer, QWERTY Films
Batey, Mark, Film Distributors' Association	Langan, Christine, BBC
Beardsworth, Jonathan, Technicolor	Lawlor, Sharon, Northern Ireland Assembly Government
Bichard, Sir Michael, Film Club	McAuley, Charlie, British Video Association/Paramount
Bloye, Charlie, Film Export	McFarling, Tina, Premier PR
Boyd, Don, director/producer	McQuillan, Libbie, Olsberg SPI
Bristow, Stephen, RSM Tenon	McVay, John, PACT
Brett, Paul, Prescience	Marsh, Alec, John Brown Media
Broccoli OBE, Barbara, producer/First Light	Mason Pearson, Nick, British Film Institute
Brown, Zoe, BBC	Moll, Chris, iFeatures
Buckingham, Peter	Morley, Tim, producer
Button OBE, Roy, Warner Bros	Morris, Simon, Lovefilm
Cagney, Tim, British Film Institute	Moutrey, Dave, Cornerhouse, Manchester
Caine OBE, Dinah, Skillset	Nevill, Amanda, British Film Institute
Calver, Simon, Lovefilm	Newbiggin, John, Creative England
Carcassonne, Philippe, producer, Cine a	Norbury, Caroline, Creative England
Carey OBE, Lavinia, British Video Association	Norman, Archie, ITV
Chowns, Andrew, Directors UK	Olsberg, Jonathan, Olsberg SPI
Clapp, Phil, Cinema Exhibitors' Association	Packenham, Kate, Old Vic
Clarke-Hackston, Fiona, British Screen Advisory Council	Parkinson, Caroline, Creative Scotland
Cosgrove, Mark, Watershed, Bristol	Payne, Christine, Equity
Crofts, Charlotte, University of the West of England, Bristol	Penny, Dick, Watershed, Bristol
Davey, Alan, Arts Council England	Perry CBE, Simon, producer/ex-British Screen and Irish Film Board
Des Forges, Catherine, Independent Cinema Office	Puttnam, Lord, producer/Film Distributors' Association
Devereux, Mark, Olswang	Poole, Cathy, Curzon Community Cinema
Dixon, Harry, Channel 4	Rajah, Najma, BBC
Dodd, Senator Chris, Motion Picture Association of America	Seghatchian, Tanya, British Film Institute
Dyke, Greg, British Film Institute	Simmons, Dan, Skillset
Eaton, Andrew, Revolution Films	Simon, Jonathan, Inflection Point UK Ltd
Ellis, Maggie, Film London/Microwave	Sinclair, Malcolm, Equity
Entwhistle, George, BBC	Smith, John, BBC Worldwide
Evans, Will, British Film Institute	Spring, James, Ealing Studios
Freeman, Gidon, Universal	Stewart, Heather, British Film Institute
Gavin, Rupert, Odeon	Till CBE, Stewart, Icon
Goodwin, Geoffrey, BBC Worldwide	Thompson, Barnaby, Ealing Studios
Greengrass, Paul, Directors UK	Tongue, Dr Carole, CSPH International, UK Coalition for Cultural Diversity
Groessler, Samantha, Scottish Government	Toon, Nick, Warner Bros
Hanson, Briony, British Council	Turner-Laing, Sophie, Sky
Henley, Darren, Henley Review of Cultural Education	Walley, Nigel, Decipher
Howe, Nina, Sky	Wheeldon, David, Sky
Jones, Sophie, Channel 4	Williams, Debbie, EM Media
Kamasa, Ziggy, Lionsgate	Wootton, Adrian, Film London
Kirk Ian, British Film Institute	Zeff, Jon, DCMS

Image Credits

Front cover – Getty Images

Inside front cover – 55th BFI London Film Festival Outdoor Screening, Trafalgar Square. Credit: BFI Special Collections

Page 2 – *The King's Speech* (2011). Tom Hooper's film, *The King's Speech*, scooped the People's Choice award at the Toronto International Film Festival in September 2010 and dozens more accolades en route to seven BAFTAs and four Academy Awards®. Colin Firth also won the best actor BAFTA the previous year for his leading role in Tom Ford's directorial debut, *A Single Man*. *The King's Speech* grossed more than \$400m worldwide in cinemas alone – truly finding its voice. Credit: Momentum Pictures

Page 3 (left) – *Wuthering Heights* (2011). James Howson. Credit: BFI Special Collections

Page 3 (above) – *Happy-Go-Lucky* (2008). At the heart of Mike Leigh's 2008 comedy, set in North London, was the relationship between happy-go-lucky Poppy (Sally Hawkins) and her rather less carefree driving instructor Scott (Eddie Marsan). Both stars had previously worked with Mike Leigh, including in his multi-award-winning *Vera Drake* (2004). Credit: Momentum

Page 5 (left) – *The Inbetweeners Movie* (2011) Written by Iain Murray and Damon Beesley, and directed by Ben Palmer, *The Inbetweeners Movie* was a smash-hit in UK cinemas last summer, grossing £45m. The phenomenon continued as a million copies were sold in the first week of its DVD release pre-Christmas. *The Inbetweeners* began life as a TV series on E4 in 2008. Credit: Entertainment Film Distributors

Page 5 (above) – *We Need to talk about Kevin* (2011). Tilda Swinton. Credit: BFI Special Collections

Page 7 – *Coriolanus* (2011). Ralph Fiennes. Credit: BFI Special Collections

Page 8 – *The Awakening* (2011). Nick Murphy's feature film debut, *The Awakening* was a haunting thriller set in a boarding school after the First World War. It starred Rebecca Hall as a sceptical ghost hunter, Dominic West and Imelda Staunton. Credit: STUDIOCANAL

Page 9 – *Nowhere Boy* (2009). Anne-Marie Duff and Aaron Johnson. Credit: BFI Special Collections

Page 11 – *Never Let Me Go* (2011). Carey Mulligan, Keira Knightley and Andrew Garfield. Credit: BFI Special Collections

Page 13 – *Harry Potter and The Philosopher's Stone* (2001). Emma Watson. Credit: BFI Special Collections

Page 14 – *Arthur Christmas* (2011). From Aardman Animations came the high-tech story of how Santa delivers all those presents in just one night. *Arthur Christmas* was launched in UK cinemas in early November 2011 and topped the box-office in its fourth week of release, an almost unprecedented

achievement. James McAvoy, Bill Nighy, Hugh Laurie and Jim Broadbent were among the stellar voice cast. Credit: Sony Pictures

Page 15 (left) – *Lawrence of Arabia* (1962). A true cinematic epic directed by David Lean and starring the 30 year-old Peter O'Toole as British eccentric, TE Lawrence, who set about inspiring the Arabs to join the British in fighting the Turks in the 1914-17 campaign. Alongside the charismatic O'Toole, the desert itself seems to be a central character, gloriously photographed by Freddie Young. Credit: Sony Pictures

Page 15 (above) – *Slumdog Millionaire* (2009). Danny Boyle's *Slumdog Millionaire*, scripted by Simon Beaufoy, grossed £31.6m on its UK cinema release. It won Best Picture and Best Director awards on both sides of the Atlantic, among scores of other prizes. Dev Patel and Freida Pinto played the lead characters, Jamal and Latika, as young adults. Credit: Pathé

Page 16 – *Pride and Prejudice* (2005). Carey Mulligan, Rosamund Pike, Jena Malone. Credit: BFI Special Collections

Page 18 – *The Man Who Fell to Earth* (1976). David Bowie. Credit: BFI Special Collections

Page 19 – *The Chronicles of Narnia: The Voyage of the Dawn Treader* (2010). Michael Apted directed the third in the series of cinema adventures with the Pevensie children, based on the fantasy novels by CS Lewis. In *The Voyage of the Dawn Treader*, Edmund, Lucy and their cousin Eustace are swept back to Narnia, where they again encounter Aslan (voiced by Liam Neeson) and Prince Caspian (Ben Barnes) on a new mission. Executive producer, Douglas Gresham, is CS Lewis' stepson and was himself a character, played by Joseph Mazzello, in Richard Attenborough's film of *Shadowlands*. Credit: Twentieth Century Fox

Page 22 – *War Horse* (2012). Steven Spielberg's adaptation of *War Horse* was shot on Dartmoor and other locations in England. Michael Morpurgo's original novel, published 30 years ago, has become better known as a theatre production. Scripted by Lee Hall and Richard Curtis, the movie stars newcomer Jeremy Irvine as Albert, who enlists to serve in World War One after his adored horse Joey is sold to the cavalry. Credit: Walt Disney

Page 26 – *The Lord of the Rings: The Return of the King* (2003). Andy Serkis and Sean Austin. Credit: BFI Special Collections

Page 27 – *Monsters* (2010). An original sci-fi thriller with a cast of unknown actors, written and directed by Gareth Edwards. Six years after a NASA probe containing alien life samples crashes on re-entry over Central America, new life forms began to arise and parts of Mexico were quarantined. Now, an American journalist agrees to lead a tourist through the infected zone to the US border. Credit: Vertigo Films

Page 29 (left) – *Gangs of New York* (2002). Daniel Day-Lewis. Credit: BFI Special Collections

Page 29 (right) – *Chariots of Fire* (1981) David Puttnam's absorbing, moving, multi-award winning production told of Harold Abrahams, the Jewish Cambridge student, and Eric Liddell, the devout Scottish missionary, who ran for Great Britain in the 1924 Olympics. The film debut of director Hugh Hudson, sporting a celebrated score by Vangelis, *Chariots of Fire* starred Ben Cross, Ian Charleson, Nigel Havers, Cheryl Campbell and Ian Holm as Abrahams' trainer, Sam Mussabini (who died three years later). Credit: Twentieth Century Fox

Page 32 – *Attack the Block* (2011). Joe Cornish's feature film debut, the sci-fi comedy *Attack the Block*, was set in south London and starred Jodie Whittaker, John Boyega and Nick Frost. For 2011 release, Cornish also co-scripted Steven Spielberg's swash-buckling adventure, *The Adventures of Tintin: The Secret of the Unicorn*. Credit: STUDIOCANAL

Page 33 – *The Constant Gardener* (2005). Ralph Fiennes and Pete Postlethwaite. Credit: BFI Special Collections

Page 34 (below) – *The Last King of Scotland* (2006). James McAvoy and Gillian Anderson. Credit: BFI Special Collections

Page 34 (above) – *The Life and Death of Peter Sellers* (2004). Stephen Hopkins' film, *The Life and Death of Peter Sellers* (2004), recounted the haunting, destructive impact of self-doubt upon its subject's private and professional lives. Geoffrey Rush was cast as Sellers, one of the UK's most celebrated comic actors whose film career reached a peak in the mid-1960s. Credit: Icon

Page 37 (left) – *Junkhearts* (2011). Tinge Krishnan's psychological thriller traced the story of Frank (Eddie Marsan), an ex-soldier with post-traumatic stress disorder, whose vulnerability is exploited by a young girl and her boyfriend. Set in inner London, *Junkhearts* also starred Romola Garai, Tom Sturridge and John Boyega. Credit: Soda Pictures

Page 37 (above) – *Tyrannosaur* (2011). The startling film directorial debut of Paddy Considine, *Tyrannosaur* was shot in Leeds and featured highly acclaimed performances by Peter Mullan and Olivia Colman. It tells the story of Joseph (Mullan), an angry, alcoholic widower, who meets Hannah (Colman), a local charity shop-keeper trapped in an abusive marriage, and the friendship that gradually develops between them. Credit: STUDIOCANAL

Page 39 – *Gnomeo & Juliet* (2011). An animated twist on a timeless story: while the neighbouring gardens of Capulet and Montague are at war, the gnomes Gnomeo and Juliet are in love! James McAvoy and Emily Blunt breathed life into the star-crossed lovers, while the voice cast also featured Michael Caine, Maggie Smith, Patrick Stewart and Ozzy Osbourne. Credit: Entertainment One

Page 43 (left) – *Restrepo* (2010). A Sundance prize winner, this shattering documentary exposed the toll that war takes on young soldiers. It was made by Sebastian Junger and the late Tim Hetherington, who spent a year with a US platoon in Afghanistan. The focus of their account is Restrepo, a small outpost which the soldiers named after their colleague, Private Juan Restrepo, killed in action. Credit: Dogwoof

Page 43 (right) – *St. Trinian's* (2007). Inspired by the Frank Launder/Sidney Gilliat films of the 1950s, the boarding school for girls in Oliver Parker and Barnaby Thompson's comedy continued to wear an unacceptably anarchic face. Rupert Everett and Colin Firth starred alongside Gemma Arterton, Talulah Riley, Jodie Whittaker and Tamsin Egerton. With the school saved from bankruptcy at the end of this outing, many of the cast reunited two years later for a sequel, *St. Trinian's 2: The Legend of Fritton's Gold*. Credit: Entertainment Film Distributors

Page 47 – *My Week with Marilyn* (2011). While Sir Laurence Olivier is making *The Prince and the Showgirl* (1957) in London, the film student Colin Clark documents the tense relationship between him and his leading lady, Marilyn Monroe. Director Simon Curtis' cast includes Michelle Williams as Marilyn, Kenneth Branagh as Olivier, Eddie Redmayne as Colin Clark, Judi Dench as Dame Sybil Thorndike and Julia Ormond as Vivien Leigh. Credit: Entertainment Film Distributors

Page 48 – *East is East* (1999). Jimi Mistry and Emma Rydal. Credit: BFI Special Collections

Page 49 – *The Iron Lady* (2012). From a screenplay by Abi Morgan, Phyllida Lloyd directed Meryl Streep as Margaret Thatcher in a drama reflecting the price the former Prime Minister paid for power. Jim Broadbent is Denis, while the cast also includes Nicholas Farrell, Roger Allam, Richard E Grant and Anthony Head. Phyllida Lloyd's previous collaboration with Meryl Streep was *Mamma Mia! The Movie*, an exuberant smash-hit in summer 2008 that delivered a worldwide box-office of \$600m. Credit: Pathé

Page 50 – *Paul* (2011). Simon Pegg and Nick Frost's comedy, *Paul*, followed *Shaun of the Dead* (2004) and *Hot Fuzz* (2007), both of which also referenced pop culture and science-fiction with affectionate aplomb. All three films were produced by Working Title, the powerhouse behind such other hits as *Four Weddings And A Funeral*, *Notting Hill*, *Love Actually* and the *Bridget Jones* series of romcoms. Credit: Universal

Page 53 (right) – *This is England* (2006). Shane Meadows' *This is England*, set in summer 1983, is the story of Shaun (Thomas Turgoose), a troubled schoolboy who meets and befriends a pack of skinheads, and finds a new lease of life. Many of the cast reprised their roles in the Channel 4 spin-off series, *This is England '86* and *This is England '88*. Credit: STUDIOCANAL

Page 53 (left) – *The Damned United* (2009). Michael Sheen. Credit: BFI Special Collections

Page 54 – *My Beautiful Launderette* (1985). Daniel Day Lewis. Credit: BFI Special Collections

Page 55 – *Fish Tank* (2009). Michael Fassbender.
Credit: BFI Special Collections

Page 56 – *The Queen* (2006). Helen Mirren won the best actress BAFTA and Oscar and many other plaudits for her performance in Stephen Frears' film, *The Queen*. Scripted by Peter Morgan, the drama focuses on how the Queen and royal family react in the aftermath of the untimely death of Princess Diana. Michael Sheen played the Prime Minister, Tony Blair, while James Cromwell was Prince Philip and Sylvia Syms the Queen Mother.
Credit: Pathé

Page 58 – *Cemetery Junction* (2010). Ricky Gervais.
Credit: BFI Special Collections

Page 60 – *The Constant Gardener* (2005). Rachel Weisz.
Credit: BFI Special Collections

Page 63 (left) – *Pirates of the Caribbean: On Stranger Tides* (2011). This, the fourth in the blockbuster series produced by Jerry Bruckheimer, took in locations in Greenwich, Hampton Court and Cambridge, as well as facilities at Pinewood Studios. Its cast was peppered with British actors, including Ian McShane, Kevin McNally, Richard Griffiths and Keith Richards, reprising his role as Captain Teague, the father of Jack Sparrow (Johnny Depp). Credit: Walt Disney

Page 63 (right) – *Alice in Wonderland* (2010). Tim Burton's imaginative twist on Lewis Carroll's beloved story spent three weeks at no.1 in the UK box-office chart, grossing £42.5m on its triumphant run in cinemas. Alice (Mia Wasikowska), now 19, returns to Wonderland and seeks her destiny in the company of the Mad Hatter (Johnny Depp), the Red Queen (Helena Bonham Carter), the White Queen (Anne Hathaway), the White Rabbit (Michael Sheen) and more besides. Credit: Walt Disney

Page 64 (left) – *Frost/Nixon* (2008). Michael Sheen and Rebecca Hall. Credit: BFI Special Collections

Page 64 (above) – *The Guard* (2011). Shot in Ireland (and a smash-hit there too), *The Guard* is Gerry Boyle, a small-town veteran detective sergeant played by Brendan Gleeson. He is forced to work with FBI agent Wendell Everett (Don Cheadle) to confront an international drugs-smuggling cartel that touches his beat. John Michael McDonagh's dark but riotous comedy also starred Liam Cunningham and Mark Strong.
Credit: STUDIOCANAL

Page 65 – *Quantum of Solace* (2008). Since the casting of Daniel Craig in Eon Productions' *Casino Royale*, rebooting the James Bond series after twenty films in 2006, 007 has gone from strength to strength. In 2012, on the 50th anniversary of the release of the first film, *Dr No*, Bond is back: *Skyfall*, Daniel Craig's third assignment as Bond, is currently shooting in the UK, China and Turkey. Credit: Sony Pictures

Page 67 (left) – *Nowhere Boy* (2009). Aaron Johnson.
Credit: BFI Special Collections

Page 67 (above) – *Submarine* (2011). The charming debut feature film of Richard Ayoade, adapted from Joe Dunthorne's novel about a precocious teenager (played by Craig Roberts) who tries to solve the problems in his, and his family's, lives. *Submarine* also starred Sally Hawkins, Paddy Considine and Yasmin Paige. Credit: STUDIOCANAL

Page 68 – *Bullet Boy* (2004). Ashley Walters.
Credit: BFI Special Collections

Page 70 – *Millions* (2004) Danny Boyle on set.
Credit: BFI Special Collections

Page 72 (left) – Wig maker. Credit: Pinewood Studios

Page 72 (right) – *Bend It Like Beckham* (2002). Gurinder Chadha on set. Credit: BFI Special Collections

Page 75 (right) – *The Birds* (1963). Alfred Hitchcock.
Credit: BFI Special Collections

Page 75 (above) – *Kes* (1969). David Bradley.
Credit: BFI Special Collections

Page 76 – *Carry On Cleo* (1964). Peter Rogers' Pinewood-based Carry On productions, all directed by Gerald Thomas, remain a gloriously vulgar British institution. This entry, scripted by Talbot Rothwell, came a year after the Elizabeth Taylor/Richard Burton biopic, *Cleopatra*. Kenneth Williams portrayed Julius Caesar and Sid James Mark Antony, with Amanda Barrie as Cleopatra. Credit: STUDIOCANAL

Page 77 – British Movietone News. Credit: BFI Special Collections

Page 78 – *Brassed Off* (1996). Stephen Tompkinson and Pete Postlethwaite. Credit: BFI Special Collections

Page 81 – *Tinker Tailor Soldier Spy* (2011). Gary Oldman.
Credit: BFI Special Collections

Page 83 – *Shaun of the Dead* (2004). Simon Pegg.
Credit: BFI Special Collections

Page 84 – *Hunger* (2008). Michael Fassbender.
Credit: BFI Special Collections

Page 86 – *The Deep Blue Sea* (2011). Terence Davies returned to the cinema with this adaptation of Terence Rattigan's *The Deep Blue Sea*, filmed in London. Rachel Weisz starred as Hester, who is suffocating in a lifeless marriage but finds passion with former RAF pilot, Freddie (Tom Hiddleston). Credit: Artificial Eye

Page 87 – *Get Carter* (1971). Mike Hodges' *Get Carter*, long a cult classic, is a tough, compelling crime thriller. Michael Caine is Jack Carter, a London-based villain who catches the train back to his native Newcastle to bury his brother, and antagonises the local gangsters until he uncovers the killer. Ian Hendry, John Osborne and Britt Ekland also starred. Credit: Warner Bros.

Page 90 – *Never Let Me Go* (2011). Andrew Garfield and Carey Mulligan. Credit: BFI Special Collections

This report is published on behalf of the Film Policy Review Panel by the Department for Culture, Media and Sport.

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