

# Film in the digital age

UK Film Council consultation on policy and funding priorities  
April 2007 – March 2010



UK FILM COUNCIL  
LOTTERY FUNDED

“Here in this tear, are love and truth and friendship,  
those qualities alone can build a new world today  
and must build a better one tomorrow  
– that is my case.”

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## Our role

The UK Film Council is the Government-backed lead agency for film in the UK ensuring that the economic, cultural and educational aspects of film are effectively represented at home and abroad. Our goal is to help make the UK a global hub for film in the digital age, with the world's most imaginative, diverse and vibrant film culture, underpinned by a flourishing, competitive film industry.

## Our aims

- Developing a competitive film industry, built on creativity and skills
- Stimulating greater choice for audiences
- Encouraging participation and opportunities for learning
- Promoting the UK in the wider world

## Our values

- Advocacy and leadership
- Partnership and collaboration
- Competitiveness and enterprise
- Diversity and inclusion
- Excellence and innovation
- Transparency and accessibility

The UK Film Council has a presence throughout the UK through its partnerships with National Screen Agencies in Scotland, Wales and Northern Ireland and nine Regional Screen Agencies in England. Its Board of Directors is appointed by the Secretary of State for Culture Media and Sport and includes senior industry and public figures. The Board oversees the work of the UK Film Council and provides expert advice to Government on film policy. The organisation invests the income it receives with a view to delivering economic benefit for the UK's film industry and public value for British citizens.

We want to ensure there are no barriers to accessing our publications. If you, or someone you know, would like a large print, Braille disc or audiotape version of *Film in the Digital Age* please contact us.

Further print copies of this consultation paper can also be obtained by contacting:

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The UK Film Council's goal is simple; to help make the UK a global hub for film in the digital age, with the world's most imaginative, diverse and vibrant film culture, underpinned by a flourishing and competitive film industry.

The goal may sound simple but the task should not be underestimated. Although the UK is steadily consolidating and growing its film 'assets', we face a number of challenges ahead. Over the last six years I think it is fair to say that we have made a real difference. And when I look back to 1999 when the UK Film Council was just an idea and then look at today, the impact of the UK Film Council's work is clear.

In supporting and nurturing film creativity, the Development, Premiere and New Cinema funds have supported over 100 feature films, 300 short films and about 400 script development projects. An estimated 34 million people have seen these films in UK cinemas, many have received international critical acclaim. £45 million from the National Lottery has been invested in productions, resulting in worldwide revenues of £410 million and furthermore these films help to project a modern picture of Britain across the world.

Regional development, skills, education and diversity were also high on our agenda right from the start. The Regional Screen Agencies were set up in every English region and are already generating another £3 for every £1 of Lottery money invested. And a number of 'world firsts' have emerged. The Digital Screen Network will install 240 state of the art screens to give audiences across the country more choice; 'A Bigger Future', the over-arching industry skills training strategy co-created with Skillset is investing in our workforce; the Equalities Charter for Film, which promotes diversity, equal opportunities, good practice and tackles issues of access, training and representation, both behind the camera

and on-screen; and First Light, the digital film fund for children and young people which, by 2006, already had 700 films and a number of budding careers to its credit.

Looking to the future, after ten years of almost uninterrupted growth in film audiences, digital technologies have now begun to transform the range of films available in the cinema and in the home. With a range of private and public sector initiatives now underway, we believe it is realistic to picture the UK in the near future as a place with bigger and better informed audiences, able to watch films that represent a broader range of contemporary and classic cinema from the UK and from around the world.

We can also see audience tastes evolving in tandem with a growing community of filmmakers producing work which is challenging as well as entertaining, and more truly representative of the UK's cultural and regional diversity. We believe this further improves the possibilities for the UK to grow the market for film.

However we are also approaching the point where digital technologies will demand radical changes to the business models of film production, distribution and exhibition.

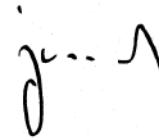
As consumer choice is opened up through a variety of new distribution platforms, traditional marketing strategies and distribution will become less relevant. Our aim is to see that the growing number of distribution platforms help to provide audiences with more chances to learn about cinema become media literate as well as enjoy a broader range of films. Over the next few years this is the biggest challenge facing everyone who is in the business of film in Britain.

We believe that by 2010 the combination of new programmes now in place – purposeful tax reliefs to stimulate indigenous film

production and to generate inward investment by the major US studios, systematic development of British talent, better support for the development of stories, more targeted production support – will be delivering steady year-on-year growth, and helping to build a closer and more productive relationship between the key elements of the value chain – production, distribution and retail.

Our aim is to provide publicly funded interventions which can deliver real public value in terms of both economic performance and the quality of life for British citizens and indeed for audiences around the world.

Thank you for reading this publication and I hope that you will take the time to complete the questionnaire at the end and give us your views on what we have done and what we propose to do over the coming three years.



**John Woodward**  
Chief Executive Officer  
November 2006



## Executive summary

“QUICK THINKING,  
COMFORTABLE  
ON THE BALL,  
VISION AND  
AWARENESS,  
MAGNIFICENT!”

**Bend It like Beckham**  
Written by Gurinder Chadha, Guljit Bindra,  
Paul Mayeda Berges  
Directed by Gurinder Chadha  
Supported by the UK Film Council

This publication tells the story of the UK Film Council’s first six years of operation and lays out our proposed priorities and plans for the period 2007–2010.

Looking forward to the next three years, we have a challenging agenda which reflects the growing importance of film and moving image both in the global economy and in the shaping of our cultural values and our lives in Britain.

In the following pages we set out what we believe should be our future priorities in both policy and funding terms. Many of our priorities are as important today as they were five years ago and we are not suggesting a total overhaul of current policies. We can see that radical change is on the horizon, but the timing is not yet right to make a significant shift in public spending on film. The key is to ensure that there are flexible funding and policy priorities in place which can *adapt* and *evolve* to meet the needs of the industry as it changes.

In order to ensure our policies can be adapted to the digital age, we are watching closely the ways in which on demand digital technology can be used to enhance access to UK independent and specialised films, on home platforms via TV sets, and on mobile platforms. Our conclusions will inform our development of new initiatives in this sphere.

Resources are of course limited and this publication seeks to start the difficult but necessary task of selecting which policies should be prioritised.

With a review of Government spending due for completion in 2007 and the promise of significant reductions in the level of Lottery revenues as a result of the demands of the 2012 Olympics, we know that there may be tough choices and challenges ahead. But we remain positive and we are seeking to develop closer working relationships with other public sector agencies and Lottery distributors to join forces to deliver common agendas.

Recognising the financial uncertainty the UK Film Council faces but also our ambitions about what can be achieved, the following three tables set out:

- Our policy priorities (new policy priorities are in blue type);
- Our core funding priorities (those we are confident we can afford to finance between 2007 and 2010); and
- Potential funding priorities (that we can deliver on if extra funding is secured).

The purpose of this publication is to consult and test out our ideas with you. In section seven, you will find a questionnaire asking for your views and comments on what we have done and what we propose to do. We hope that you will take the time to consider our proposals and give us your feedback. The deadline for responses is Monday 5 February 2007.

Following the consultation, we will consider all the responses we received and we will publish our final policy and funding priorities for 2007–2010 in spring 2007.

## Our aims

Developing a competitive film industry, built on creativity and skills

Stimulating greater choice for audiences

Encouraging participation and opportunities for learning

Promoting the UK in the wider world

## Policy priorities at a glance

### Fiscal measures

- To work with the UK Government and the EU to ensure effective long-term fiscal measures are in place to support UK film.
- To work with public and private sector partners to develop a corporate finance initiative to provide UK film companies with better access to corporate and institutional finance.
- To create the conditions for a sustainable business sector for film production.

### International

- To work with the UK Government to modernise the UK's film co-production agreements and to assist the UK industry to benefit fully from these agreements.
- To help maximise inward investment through film production.
- To work with the UK Government and the EU to contribute to the development of a strong European audiovisual policy which benefits the UK.

- To create opportunities for UK film by building and strengthening European and US relationships.

### Anti-piracy

- To help combat copyright theft and infringement and to assist industry in responding to changing market realities and consumer appetites.
- To explore with the industry a time limited voluntary levy to support anti-piracy activities to reduce the damage piracy is inflicting on UK film.

### Digital technology

- To harness new technologies to the benefit of British and specialised film and encourage viable new business models for financing and distributing British films.

- To ensure that on demand film services are harnessed to the benefit of audience for British and specialised films.

### National and regional film centres

- To assist the creation of a BFI National Film Centre, which draws on digital technology to create the world's best centre of excellence for learning and research, and which houses a strengthened London Film Festival.
- To help develop and enhance key regional film centres as cultural and creative hubs.

### Broadcasters

- To work with broadcasters and other platform operators to improve public access to British and specialised films.
- To secure an improved commitment for British and specialised films from the UK public service broadcaster Channel 4.

### Education and literacy

- To ensure media literacy is a key component in the Government's agenda for life-long learning.
- To put in place a UK-wide film and moving image education strategy to foster and increase understanding and appreciation of film.

### Research and statistics

- To gather and publish statistics and market intelligence and to carry out and to disseminate research.

### Diversity and inclusion

- To help achieve a more diverse and inclusive workforce and film culture.

## Our aims

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## Core funding priorities

### Film Skills Fund

- To ensure a strong, consistent supply of skilled and talented professionals in line with market demand.

### Development Fund

- To broaden the quality, range and ambition of projects and talent being developed.

### Premiere Fund

- To assist the production of feature films that can attract audiences the world over.

### New Cinema Fund

- To support creativity, innovation, new talent and 'cutting-edge' filmmaking.

### Distribution and exhibition

- To support the distribution, promotion and marketing of specialised film in the analogue and digital environments, thereby helping to ensure UK audiences have access to film in all its variety.

### International Festival Sales Support Scheme

- To improve the promotion of UK films at selected international festivals.

### British Film Institute

- To champion moving image culture, education and cinema heritage in all its richness and diversity, across the UK, for the benefit of as wide an audience as possible and to deepen and encourage public debate about film.

### Nations

- To co-ordinate film policy, strategy and delivery UK-wide with the National Screen Agencies.

### Regional Investment Fund for England

- To co-ordinate regional film policy, strategy and delivery across England with and through the Regional Screen Agencies and the private sector.

### First Light

- To offer children and young people more opportunities to participate and learn about filmmaking.

### Publications Fund

- To support discussion, information and debate about film culture.

### Sponsorship

- To help promote targeted showcase film events which benefit the UK industry and/or the British public.

### Digital Film Clubs for Schools

- To create a National Schools Film Club network that offers films to schools across the UK and maximises opportunities for the enjoyment and understanding of those films by young people.

### Media Literacy Challenge Fund

- To provide partnership funding for projects aiming to enhance levels of media literacy and film education in the UK.

### Screenwriting skills

- To initiate a new programme which facilitates the exchange of knowledge and skills between writers working in film, theatre and television.

### Learning from US and European practitioners

- To create mentoring programmes and other networking initiatives which enable UK practitioners to learn from their counterparts in the US and in Europe.

### Digital Screen expansion

- To help ensure that universities and other educational organisations and venues have access to digital equipment in order to ensure that they can improve their level of access to film.

### An enhanced Prints and Advertising Fund

- To continue to grow the public appetite for specialised film with increased investment in prints and advertising and new support focused specifically on 'on demand film' film distribution and marketing.

### Small Cinema Capital Fund

- To provide support for the modernisation and refurbishment of cinemas so that they can better serve the local communities in which they operate.

### Cinema Access and Inclusion Fund

- To increase opportunities for audiences with sensory impairments to get the most out of the cinema-going experience through the wider use of soft-subtitling and audio-described film prints.

### UK-wide film festivals strategy

- To work with partners to better support nationally significant film festivals in the UK.
- To help develop one or more world class international film festivals based in the UK.

### UK-wide film archives investment

- To help make national and regional moving image archives accessible to all citizens, maximising the public value of the archives and implementing a joined-up plan for storage, preservation and access.

### 2012 Olympic Film Fund

- To fund a film programme that promotes citizenship, internationalism, diversity and inclusion as part of the cultural programme of the 2012 Olympics.

### UK Co-production Fund

- To support European co-productions which aim to deliver cultural value to audiences but which will not be financed solely by the market.

### 'Experimental' Production Fund

- To provide a space for singular and experimental directorial and artistic talent which operates outside the commercial parameters of the British film industry.

### Market testing for British films

- To help ensure that a higher proportion of British films reach their target audience.

### Sales agent support

- To bolster exports of UK film around the world through new support measures to sustain and build the UK film sales sector.

### Inward investment

- To increase resources in order to better attract large budget portable film productions in the face of increased competition from other territories as a consequence of globalisation.

### Completing the Screen Academy map

- To create two more Skillset Screen Academies to complete the existing network, one to act as a centre of excellence for digital technologies.

## Solid foundations: 2000–2006

**“WE’VE TESTED IT  
AND PROVED IT.  
I’VE GOT SOME  
FILMS HERE  
I’D LIKE YOU TO SEE.”**

**The Dambusters**  
Written by RC Sherriff  
Directed by Michael Anderson

### Introduction

In an age of global communication, film has become one of the most potent means through which nations and communities project their values and identities and learn about one another. Moving image technologies have become a key factor in everyday living. They are big business. More than that, an ability to understand and use digital technology has become as essential for citizens of the 21st century as literacy was in the 19th and 20th. The pace, scale and implications of this change are momentous. Established in 2000, the UK Film Council was charged with building a more successful and competitive British film industry and with promoting a dynamic film culture. It has always tried to create practical synergies between these two agendas, one commercial, the other cultural, and to realise the full public value of film as a medium for the representation and interpretation of identity, values and learning – as well as entertainment.

*With its first strategic plan (2001–2004),* the UK Film Council addressed some of the deeply embedded structural weaknesses of the British film industry. In essence, this first phase moved public funding away from passive production support and toward an active engagement with underlying issues which the market was failing to address – poor scripts, patchy training provision, a lack of any effective regional development, a similar lack of a focused international perspective, and a failure to nurture a popular and relevant film and moving image culture. During this period the UK Film Council set up the Development, New Cinema and Premiere funds and First Light, it also helped set up the English Regional Screen Agencies and established strategic partnerships with each of the National Screen Agencies and Skillset.

**A second stage strategic plan (2004–2007)** aimed to make British films more competitive, at home and in the global market. The UK Film Council also used its own funding to drive more effective distribution and exhibition of British and specialised film in an attempt to stimulate a more engaged and informed audience for film.

A targeted Prints and Advertising Fund was established to give added public profile to what might otherwise remain minority-interest films. The roll-out began of a 240 strong Digital Screen Network. In partnership with the British Federation of Film Societies, an expansion of community-based film societies (which now number some 340) was supported. A broadly based media literacy strategy supported by broadcasters and educationalists was initiated. The already successful First Light programme was expanded. A sustained campaign of public information and education around the issue of copyright theft, infringement and the value of intellectual property to help counter film piracy was implemented.

A determined effort was begun to promote long-term diversity in an industry workforce which still fails to reflect Britain today. And there has been further commitment to re-focus the role of the BFI as a centre of excellence for film education and culture, and as the custodian of an extraordinarily varied and extensive film archive.

Through the creation of a statistical research base the UK Film Council has focused on evidence based public policy which can contribute to a dynamic industry and popular film culture, both feeding off the other and both enhancing the way Britain and British people see themselves in the 'national conversation' and in the global community.

All of our initiatives have been built in partnership with other organisations, such as the three National and nine English Regional Screen Agencies. Now established as valued partners, these Agencies have without exception raised their own game by leveraging significant financial support from third parties – more than £12 million in 2005/06.

Finally, with better focused public support for production, the UK Film Council has been central to the success of many quintessentially British films, ranging from *Bullet Boy* to *The Wind that Shakes the Barley* and from *Bride and Prejudice* to *The Constant Gardener* and *Stormbreaker*. Lottery funded films have been seen by millions of people in the UK, and have earned more than £400 million worldwide – making film probably the most widely enjoyed and cost-effective return that Lottery players see from their weekly contribution to the leading 'good causes'. In parallel, the UK's position remains a production centre for major culturally British but internationally financed films such as the Harry Potter and James Bond series.

2005 was a particularly busy year following the Government's consultation on tax relief for film. This was brought to a conclusion in March this year, when the Chancellor announced in his Budget 2006 a new film tax credit, replacing Sections 42 and 48 from 1 April 2006.

The UK Film Council has always tried to deliver practical, measurable public value. To provide some context and background to the next proposed phase of our activity, it is worth looking in greater detail at some of our achievements, and the thinking behind them.

## Confetti

Since their inception, Regional Screen Agencies have worked to support the development of the careers of a wide range of film talent. There are some significant successes in terms of writers, directors and producers who feel that the roots of their creativity lie in their region and who choose to resist the pull to London. Examples include production companies such as Northmen Productions (*Dog Soldiers*, *The Descent*) and writers and directors such as Andrea Arnold (*Wasp*, *Red Road*), Juliet McKoen (*Mavis and the Mermaid*, *Frozen*) and Debbie Isitt.

To Debbie Isitt, Coventry and its people are, she says, the source of her inspiration. She is the first to say that her relationship with Screen West Midlands (SWM) has helped enormously and continues to make her life-work choice possible. Not only has Debbie received funding from SWM for the development and production of her second film, *Confetti*, she was recently awarded a development loan to help get her next film, *Eurovision: The Movie*, off the ground.

## Developing a competitive film industry, built on creativity and skills

### *Inward investment*

One of the most important outcomes of the positive relationship between the UK Film Council and the Government has been the development of a more film-friendly international profile for Britain, based on targeted fiscal incentives and the most comprehensive skills strategy of any film industry in the world. As a consequence, Britain has been able to consolidate its position as the second most important centre

of film production outside of Los Angeles – a remarkable achievement for a high wage, high cost economy.

The UK Film Council has worked hard to increase inward investment (mainly from the United States) into the production sector, and has done so with considerable success.

In the five years preceding the establishment of the UK Film Council, inward investment stood at £1.4 billion, while in the subsequent five years it grew to £2.1 billion. The UK Film Council also takes care to support and nurture the UK infrastructure which services big US studio backed films. To this end we facilitated the creation of UK Post and Services, a trade body for the film post-production sector, most of which now uses digital technologies to drive growth.

#### *Film production*

The UK Film Council has put in place a series of funds to give more focused and strategic support to film production: the Development Fund to broaden the quality and ambition of projects, stories and scripts; the Premiere Fund aimed at British and European feature films with the capacity to attract big worldwide audiences; and the New Cinema Fund to back creative innovation and new talent which the marketplace will not support. In total, more than 100 feature films have been supported, as have 300 short films and about 400 script development projects. An estimated 34 million people have seen these films in UK cinemas. £45 million from the National Lottery has been invested in productions.

#### *Promoting talent*

The UK Film Council also provides opportunities for filmmaking talent to flourish. The freshness and relevance of the films produced have been recognised by the international awards they have won. The Premiere Fund supported *Vera Drake* which was awarded the Golden Lion at the

Venice International Film Festival, while *Gosford Park* won an Oscar® for Best Screenplay, a BAFTA for Best British Film and a Golden Globe for Best Director. The New Cinema Fund supported Andrea Arnold's first short, *Wasp*, which won awards at both the Oscars® and the Sundance Film Festival. Andrea's first feature, *Red Road*, also supported by the New Cinema Fund, won the Prix du Jury at the Cannes International Film Festival 2006. Other New Cinema Fund supported award-winning films include Ken Loach's *The Wind that Shakes the Barley* (Palme d'Or, Cannes). Kevin Macdonald's *Touching the Void* (BAFTA, Best British Film) and Paul Greengrass's *Bloody Sunday* (Golden Bear, Berlin).

#### *Training and skills*

As well as direct support for filmmaking, the UK Film Council invests in training British talent. In partnership with Skillset, the Sector Skills Council for the audiovisual industries, and by using a mix of public funding and contributions generated by the industry itself through a production related levy, a comprehensive strategy has been created for training and skills. Launched in 2004, this covers every area of the industry from script development to exhibition and every level within the industry from novice runner to experienced producer. Some 6,600 industry professionals have benefited to date. Six Screen Academies will start to deliver for the industry over the next three years, and a Film Business Academy has been established.

#### *Diversity and inclusion*

Following an industry-wide forum to discuss the promotion of a more diverse and inclusive workforce an Equalities Charter was signed by all the key film organisations, and a range of sponsorships and awards, have given impetus to address this problem, long acknowledged but never adequately confronted. Although much remains

to be done, there now exists, for the first time, a serious and systematic commitment to the creation of a workforce which genuinely represents the diversity of British society. The UK Film Council, working with Skillset, also recently won a £1.4 million bid under the European Commission's EQUAL programme to create new pathways into film for people from diverse or excluded groups.

#### *Nations and regions*

The UK Film Council has also supported filmmakers in the nations and regions. An industry which has historically pulled the overwhelming mass of talent and activity to London has, inevitably, tended to make it difficult for new talent to flourish elsewhere. By helping establish nine Regional Screen Agencies and supporting National Screen Agencies in Scotland, Wales and Northern Ireland, practical support has been provided for emerging and established talent across the UK. This has opened up new opportunities for talented individuals taking their first steps in the film industry and created a supportive environment for those who wish to remain rooted in their nations or regions.

#### *Tackling piracy*

Strong support has been given to fighting the menace of copyright theft and physical and online film piracy. The UK Film Council's publication *Film theft in the UK* remains the most comprehensive analysis of the problem and contains clear, hard-hitting recommendations for action by Government and industry, including the development of innovative educational schemes to help young people to understand the value of intellectual property. Film piracy remains a huge threat to film which needs to be tackled into 2007 and beyond.

## Stimulating greater choice for audiences

### *Prints and Advertising Fund*

National Lottery funds, channelled through the UK Film Council, have enabled distributors to release more prints, and spend more money on the marketing of specialised and minority interest films. For example, *Michael Haneke's arthouse hit Hidden (Caché)* was screened close to its national release date in 13 towns (including Plymouth, Ambleside and Norwich) where audiences would never previously have expected to see such a film locally.

### *Digital technology*

Two linked initiatives have used digital technology for the benefit of cinema-goers. A Cinema Access Fund has, to date, equipped 78 cinemas across England, from Bournemouth to Boston to Barrow-in-Furness, with state of the art technology, giving people with sensory impairments a richer experience when they go to the movies. A supporting website – [www.yourlocalcinema.com](http://www.yourlocalcinema.com) – provides information about the services on offer, so that beneficiaries of the scheme know what to expect when they arrive at the cinema, helping to make their visit more of a pleasure.

The second related initiative has supported the development of film societies. As well as catering for specialist communities of interest, their primary function is to give people, often in rural communities, a chance to see current film releases and enjoy classic films which have been rarely seen outside a handful of major urban centres. They also provide an additional social focus in what are often isolated and fragmented communities.

### *The BFI*

As the long-established lead agency for film education and heritage in the UK, the BFI has the lead responsibility in safeguarding Britain's film history and in developing

a lively and contemporary film culture in the UK and extending audience choice. In 2003, the UK Film Council requested an urgently needed fundamental review of the BFI. This has been completed and new strategies are beginning to deliver change, particularly with regard to the BFI National Archive, the largest film archive in the world and an asset of national and international importance.

An important part of planning for the future has been the refurbishment of the BFI Southbank, which received £4.5 million of additional funding from the UK Film Council and the Department for Culture, Media and Sport, scheduled to be opened in 2007. It will include a state of the art mediatheque, with film digitisation, where visitors can access the BFI's moving image collection, a new exhibition space, a film bookshop and new café facilities.

### *Nations and Regions*

The National Screen Agencies (NSAs) and Regional Screen Agencies (RSAs) have been responsible for a wide range of challenging cinema exhibition projects and for helping stimulate the audience development strategies of regional film theatres – flagship regional cinemas – and other venues. Many of these regional cinemas now support a network of smaller, largely rural cinemas, film clubs and societies throughout their area – often in village halls or arts centres, providing greater accessibility for people to enjoy films locally.

The NSAs and RSAs also provide investment and support for film festivals of regional and national importance. Borderlines, supported by Screen West Midlands, is the UK's largest rural film festival. Screen Yorkshire's Bite the Mango is the UK's largest Black and Asian film festival, and the North West's iViva! festival is the largest Spanish and Latin American film festival outside of the Spanish-speaking world.

## Digital Screen Network

The Digital Screen Network, the first of its kind in the world, is installing state of the art digital cinema equipment in 240 screens up and down the UK. In return for the equipment all the participating cinemas are contracted to screen a wider range of films with an emphasis on British, classics and world cinema.

To evaluate the effectiveness of the DSN strategy, even at this early stage, The Duke's Cinema, Lancaster was selected for closer examination.

The Duke's shares its space with a live theatre operation and screens films twice a day. It is located not far from another independent cinema but had developed its own loyal following for a specialised strand of repertory style programming. As it rarely plays films on a full screening time basis it normally receives prints some time after the national release of the movie. The primary reason for its application was to be able to access high profile films earlier in their theatrical run. To date, the cinema has been successful in achieving this aim, but importantly not at the expense of having to alter its overall programming strategy. For example, it was able to play *March of the Penguins* on its opening weekend on a one show per day basis for 10 days. This was only possible because the cinema received a low cost, high quality digital copy and the distributor could therefore be more flexible on playing time than if the copy had been a more expensive 35mm print.

Throughout March, Duke's booked a further six digital films on a repertory basis, including *Hidden (Caché)*, *Cock and Bull Story* and *Rize*.

### *The BBC*

The UK Film Council seeks to maximise the contribution of major broadcasters, particularly the public service broadcasters, to extend audience choice. [A recently concluded agreement with the BBC potentially doubles the Corporation's commitment to UK film production](#), not only by increasing production investment activity but also by acquiring the best of the UK's independent feature production for screening on network television.

### **Encouraging participation and opportunities for learning**

#### *The BFI*

The BFI's role in film education, both formal and informal, is at least as important as its role in extending audience choice. The Institute has a broad educative role, providing access to, and information about, the UK's film and television heritage and the contemporary moving image media.

[The BFI provides learning experiences for people of all ages, through its books, website, DVD releases, \*Sight & Sound\* and through distance learning courses for adults. Its online resource, \*screenonline\*, offers 300 hours of British film and TV, and contextualising information to all UK educational institutions and public libraries.](#)

The BFI also helps develop media literacy in the formal education sector and has worked with the National Screen Agencies in Northern Ireland and Scotland to develop strategies for media literacy. In parallel, it is collaborating with the Qualifications and Curriculum Authority to look at ways in which the school curriculum could evolve to include media literacy.

#### *Media literacy*

The UK Film Council has taken a leadership role in responding to the challenges set out in the 2003 Communications Act for the

promotion and development of media literacy. A conference, co-hosted with the BFI, Channel 4 and the BBC led to the drawing up of a [Charter for Media Literacy](#). This charter, now adopted, is shaping the development of policy amongst broadcasters and educationalists in the UK and in Europe, and informs the work of the media industry regulator, Ofcom. As a result of UK Film Council support, Regional Screen Agencies (RSAs) are also playing a significant role in promoting media literacy and film education. Screen South's pioneering Summerscreen programme, which offers the opportunity for children to see and make films, is expanding each year. Other RSAs are working with local authorities and with the Department for Culture, Media and Sport/Department for Education and Skills funded Creative Partnerships programme.

### **Promoting the UK in the wider world**

#### *Co-production*

In addition to the European Convention on Cinematographic Co-production, [the UK Government has six bi-lateral co-production treaties](#). In 2004, the UK Government embarked with the UK Film Council on a co-production review with industry stakeholders and five new territories were identified as potential co-production partners. [In 2006, this resulted in a new treaty with South Africa and the Government is now discussing agreements with India, China, Jamaica and Morocco.](#)

#### *Film export*

The promotion internationally of the UK's talent and world-class facilities and services is strengthened by the UK Film Council's film export strategy. The International Film Festival Sales Support Scheme helps small independent British films to increase their profile at festivals around the world by offering support for the travel costs of the director and the stars, assisting with the costs

### **First Light – Modern Day Fairytales**

First Light, established by the UK Film Council, funds and inspires the making of short films by young people in the UK, reflecting the diversity of their lives. An example of a Yorkshire project which used fairytale flights of fancy to help young people explore social issues affecting their lives illustrates, the value of First Light's work.

Sheffield Independent Film and Television (SHIFT) is an organisation that was set up to promote equality of opportunity through offering film and video training to people of all ages, giving access to vocational opportunities in the media industries. With First Light funding in place, SHIFT collaborated with partners Doncaster Community Arts, Abbeydale Corridor Education Action Zone and the Youth Association of South Yorkshire, bringing together 32 young people to work on three short films: *Mad Dog Mongrel*, a spooky tale of a haunted dog's grave, *Interchange My Arse*, the story of a friendless goth who finds love on a bus; and *Haram*, about why pigs fly...

The age of the young filmmakers ranged from 13–18 and the group included young people from different minority ethnic backgrounds, in care and excluded from education, some of whom had experience of being homeless. With the opportunity to express themselves freely, the young people's imaginations and creativity were let loose, with one commenting, "I really enjoyed doing the directing – I could see perfectly in my head what I wanted the scenes to look like, how I wanted the actors' expressions."

of marketing, and enabling filmmakers to produce subtitled prints. The annual London UK Film Focus, introduced by the UK Film Council has become an important event in the film sales calendar. Each year, new independent UK films are screened to 200 international distributors from some 30 countries. The UK Film Council also undertakes research into emerging markets and gaps and is now exploring the potential for expanded business in Brazil, Japan and Korea.

#### *Inward investment*

A key element in the UK Film Council's promotion of the UK as an inward investment opportunity for Hollywood productions is its office in Los Angeles, UK Film Council US, which maintains close contact with the US studios and independent production companies. It promotes UK film facilities and services to US producers and feeds back to the UK industry intelligence from the US on production opportunities, talent promotion opportunities, anti-piracy measures and fiscal incentives.

#### *Europe*

Since 2002, the UK Film Council has helped shape European film policy by working with the European Film Agency Directors (EFADs) network that brings together the national film bodies in Europe on common agendas. The UK Film Council also runs the UK Film Centre in Cannes to ensure that the UK film industry is well represented and promoted at the most prestigious film festival in the world.

By hosting and co-funding the UK MEDIA Desk, we promote the European Commission's MEDIA Programme to UK professionals with the result that Britain is a significant beneficiary of the programme. Over the last six years UK films secured just under 20% of all funding available to all 25 participating member states for international

distribution and UK filmmakers received 30% of the European New Talent funding.

The UK Film Council is also the lead partner in Film File Europe ([www.filmfileeurope.com](http://www.filmfileeurope.com)), an online one-stop shop which helps match-make film professionals and projects across Europe. It is also a member of the European Digital Cinema Forum which promotes British and European interests in the development of international standards for digital cinema.

#### **A platform for excellence**

The UK Film Council has, in its first six years, created a clearer strategy for the future development of the industry and created a better understanding of the needs in public policy terms.

- By working closely with the various branches of the film community – development, production, distribution, exhibition, and promotion;
- By building a research and statistical capacity;
- By providing evidence-based briefings for the Government and for Parliament.

From an audience perspective, support funds have made possible a growing range of films which reflect the life and values of Britain today, and which are finding success at home and abroad.

## Breakthrough Brits

Breaking into the mainstream and into the US, and Hollywood in particular, is considered one of the most significant milestones in the careers of most filmmakers or actors but it is notoriously difficult and daunting to achieve.

The UK Film Council, responding to this, sponsored *Breakthrough Brits*, an initiative to promote British women tipped for breakthrough mainstream success. Women make up 33% of the workforce in the UK and earn less than men, even in many cases when they are better qualified. The aim was to raise the profile of British female talent, and to help the participants to push their careers forward by introducing them to some of the most influential figures in Hollywood.

Selected by a group of senior female figures from the UK and the US industries, the honourees were; actresses Mary Nighy and Emily Blunt, directors Amma Asante, Gaby Dellal and Shona Auerbach, producers Abi Bach, and Nira Park, writer Abi Morgan, cinematographer Natasha Braier, composers Jane Antonia Cornish and Alison Goldfrapp, marketing executive and producer Mia Bays and sales agent Claire Taylor.

The initiative has already resulted in a number of job offers and potential collaborations.

# Building on success: 2007–2010

"THERE IS NO  
**TIME**  
TO WASTE THEN,  
IS THERE?"

Lawrence of Arabia  
Written by Robert Bolt and Michael Wilson  
Directed by David Lean

## Key facts and statistics about the UK Film Council

# 11 million

Films supported by the UK Film Council's Prints and Advertising Fund have been watched by an estimated 11 million people since 2003

# £200 million

Films supported by the UK Film Council's Premiere and New Cinema funds have grossed over £200 million at the global box office since 2001

# 3,357

The UK had 3,357 screens in 659 cinemas in 2005. The roll-out of the UK Film Council Digital Screen Network contributed to a fourfold increase in the number of digital screens in the UK, up to 75 in 2005

# 6,600

Since the launch of the UK Film Council/Skillset A Bigger Future film skills strategy, more than 6,600 individuals have benefited

# 1.4 million

The total number of customer visits to BFI screenings (including National Film Theatre, IMAX, festivals, touring, UK and international admissions) was over 1.4 million UK-wide in 2005/06

# 671,000

The customer take-up of BFI education and research opportunities in 2005/06 was 671,000

# 3,000

The BFI made over 3,000 titles available to more than 5,000 venues in 2005/06

# 30,000

Two BFI/Department for Education and Skills funded guides for teachers have reached over 30,000 readers

Key facts and statistics about the UK film industry

**£770 million**

Total UK box office gross in 2005 was £770 million, making the UK the largest theatrical market in Europe

**30%**

UK films accounted for a third of the UK box office in 2005, the largest share since reliable records began

**8**

Eight of the top 20 grossing films in the UK last year were UK-made productions

**£1.8 billion**

The top 20 UK films worldwide grossed £1.8 billion and were seen by approximately 600 million people

**467**

A total of 467 films were released in the UK in 2005, a third more than five years ago

**57%**

Audiences could see 203 foreign language films in 33 different languages across the UK in 2005. They accounted for 44% of film releases, earning £27 million at the box office, a 57% increase on 2002

**50%**

Teenagers and young adults were the most frequent cinema-goers with just under half going once a month or more

**41%**

The over-35 audience has increased substantially – 37% of the audience of the top 20 films and 41% of the audience of the top 20 UK films were over the age of 35

**92%**

The top 100 films accounted for 92% of box office takings, with the remaining 367 (79% of releases) accounting for just 8%

**£2.2 billion**

Film on DVD generated revenues of £2.2 billion in the UK in 2005

**97,500**

The UK film industry, directly employed 31,000 people in 2004 and supported a total of 97,500 jobs, taking into account those working in its supply chain and its contribution to UK tourism, trade and merchandise sales

**£3.1 billion**

The UK film industry contributed £3.1 billion to UK GDP in 2004, taking into account its multiplier impacts, and around £850 million to the Exchequer

### What more could be done?

The first six years of the UK Film Council's work created a momentum which we believe can continue to bring substantial benefits to the UK film industry and to UK audiences: a better trained, more outward looking and confident industry; effective and fruitful partnerships; and future-facing initiatives that focus on film audiences and film culture in its widest sense.

Although its own overall income has declined in real terms, the UK Film Council has expanded its activity every year since its formation. We are proud of that record, proud too that we have reduced our operating costs year on year, every year.

Some of the proposals set out for the period, 2007–2010 will, we believe, provide relatively quick and easy wins; some are longer term developments of initiatives already under way; some are continuations of existing strands of activity which we believe must be sustained; and some are new plans which will need new funding in order to become real. This is a time when new digital technologies, offering consumers on-demand services, pose an unprecedented challenge to the dynamics of conventional film distribution and exhibition, much greater than the threat posed by the growth of television in the 1950s and 1960s.

### Developing a competitive film industry, built on creativity and skills

The UK Film Council believes that the British film industry still has much to learn from its American counterpart about commercial and creative success. The training and skills initiatives we have already put in place are designed to make that easier for the future.

For example, we have drawn up plans for a [mentoring scheme](#) which would allow UK practitioners to learn from US industry professionals. Last year, a major conference

entitled 'The Big Idea' brought together senior figures from both industries and we now want to develop a structured programme of such events.

Few British filmmakers are able to feed the results of [audience research and test screening](#) into the final version of their film, although this is standard practice in the American industry. Independently produced British films can rarely afford a budget line for extended post-production or the incorporation of creative changes in response to audience reaction. A modest fund to support independent producers to do this would improve the box office performance of many British films and could, in time, encourage financiers to ensure this practice becomes a regular and normal component of UK production budgets.

While supporting domestic production, it is essential that public policy continues to play its part in attracting the big international films which underpin the commercial dynamism and competitiveness of UK production. The UK Film Council has an [inward investment](#) strategy which encourages international productions to come to the UK. The new tax reliefs go a very long way towards promoting that climate and the UK Film Council is considering how best to promote them as part of a wider strategy for new investment. However, as global competition to attract big international productions becomes ever more intense, we foresee a growing need to ensure that the needs and expectations of the Hollywood studios and the ability of the UK industry to meet them, are as effectively aligned as possible. The UK Film Council will ensure that all necessary information about the UK 'offer' is available to US professionals and that the needs and plans of the US studios are fed back to the UK industry. To deliver this outcome effectively will involve an increase in research and liaison.

Fiscal support clearly has a fundamental role to play here. With this in mind, the UK Film Council will continue to work with the UK Government to help ensure that the fiscal support made available to the film industry is as effective as possible and fulfils the desired policy objective of supporting the production of both low and high budget British films.

In addition to these emerging needs, the UK Film Council believes that it will be necessary to continue with a number of already established initiatives to sustain and enhance UK production.

The [New Cinema Fund](#) has proven to be a crucial vehicle for assisting the development and production of films by creative, radical

### The Skillset Screen Academy network

The Skillset Screen Academy network is a UK-wide group of 'centres of excellence' in film education and training. These organisations were identified as those already offering the highest quality of skills training but which need further support to continue to serve industry need.

The academies aim to ensure that the UK has the most talented and skilled workforce in the world, both now and in the future.

Launched in July 2005, the network consists of seven academies, including a dedicated Film Business Academy (run by Cass Business School) which has overseen the launch of the first European film MBA.

The network is providing high quality film specific vocational education and training, and developing entry level professionals with the creative and commercial skills needed to increase the competitiveness of UK film. A core goal is to increase the diversity of the UK film industry's workforce and help shape a more accessible and competitive job market.

and innovative filmmakers. The fund has supported pioneering work in new digital production and exhibition technologies. Its short film schemes have produced more than 300 films and provide training for almost 2,000 young professionals each year. The New Cinema Fund fulfils a vital role which the market alone will not address. It is a fund whose impact on the industry will become more apparent in the long term and is a practical way of ensuring that British filmmaking has social and cultural roots in every part of the UK. We believe it must continue to be a core part of our strategy for the future.

We also believe the support of new talent and ideas, driven by the New Cinema Fund, should be extended. There are some filmmakers whose work is almost entirely outside the parameters of the commercial industry but whose vision makes an important contribution to the development of cinema as an art form. These films may attract small audiences within the UK but nevertheless contribute significantly to the profile and reputation of British cinema around the world. We therefore would like to introduce an [Experimental Production Fund](#) which would provide a space for singular directorial and artistic talent which does not currently sit readily within either Arts Council England or the structures of the New Cinema Fund.

Closely integrated with the New Cinema Fund and the Premiere Fund is the [Development Fund](#) which plays a crucial role in encouraging the development of new writers, better scripts and, ultimately, more successful films. The fund helps writers achieve their potential in creative terms, but also in terms of their craft. Here, too, there are lessons to be learned from the US industry with its long tradition of painstaking script development and re-writing.

The UK Film Council would like to enhance this important aspect of its work by creating a programme to facilitate [exchanges between writers](#) working in film, theatre and television. Particularly in the British context, film and television draw from the same talent pool but there has been relatively little thought given to how the disciplines of one form of writing might enrich the other.

The [Regional Investment Fund for England](#) continues to be the essential catalyst for a growing and successful range of activities across the English regions. The Regional Screen Agencies have demonstrated their effectiveness, bringing together many different stakeholders and delivering cultural, artistic, educational and regeneration outcomes across England. They are the catalyst by which regional stories get told and regional talent discovered. Two recent films from Screen West Midlands demonstrate the point – *Confetti*, a local comedy which went on to become a national box office success, and *The Road to Guantanamo*, a story of three young men from the West Midlands embroiled in the consequences of the war on terror which became a controversial international hit. We draw attention elsewhere in this publication to the success of the Regional Screen Agencies in leveraging money from many sources, but that leverage power will continue to depend on our core support.

Likewise, we propose to continue a small level of investment to the national bodies with responsibility for film in Scotland, Wales and Northern Ireland to enable them to contribute in partnership with the UK Film Council to the development of a competitive UK film industry and a flourishing film culture right across the UK.

These existing funds all play a role in developing new talent and giving filmmakers a chance to experiment, improve their skills and showcase their work. We believe there is also a key continuing role for the [Premiere Fund](#) which, as the most commercial of the UK Film Council's funds, supports the British filmmaking community in making popular films which are more certain of reaching bigger audiences, at home and around the world. The Premiere Fund now attracts up to 200 applicants each year, even though it normally invests in fewer than 10 of them. We believe it is crucial that new and established filmmakers are constantly pushed to look to the marketplace, to pay attention to audience demand and to the exploitation of commercial opportunity. We are also keen to use the Premiere Fund to leverage better contractual terms for producers.

We will explore new opportunities to secure corporate finance for the film sector to help companies grow. While much of the traditional focus of public policy has been on project finance, we recognise that corporate finance also has a role to play, and that the film sector has often found it difficult to access such finance. Over the next three years, we are committed to exploring with financial institutions, including such bodies as the European Investment Bank and the European Investment Fund, how UK companies could enhance their access to corporate finance.

The [film skills strategy](#) will soon begin to deliver on its promise to provide a systematic way of raising skills in the industry and keeping pace with technological change. It is perhaps the single most important strand in building a genuinely competitive industry, and it must continue to be championed by the UK Film Council.

**Copyright theft and infringement** continue to represent a significant threat to the development of the film industry in the UK. We will continue to work with the UK Government and a range of industry partners, notably the Industry Trust for IP Awareness, to tackle these major problems. We will also continue to press the Government to ensure that effective enforcement and public education measures are in place to reduce the threat.

As one element of the overall skills strategy, the network of six screen academies and the Film Business Academy are already benefiting the industry. To fully complete the [Screen Academies map](#), a further two screen academies are needed – one to act as a centre of excellence for digital technologies and one to redress the geographic imbalance of the existing academies' locations.

### Stimulating greater choice for audiences

As the UK Film Council's strategy has evolved over the last six years the emphasis is turning increasingly to audience-focused initiatives: support for better distribution; support for small and specialised cinemas; support for online distribution of films and film-related content; ideas for stimulating greater interest in and passion for cinema; and initiatives to benefit people with a sensory disability, or deprived of access to cinema because of living outside an urban centre. As film moves to take advantage of every available distribution platform, and as video on demand and new online services open up vast new possibilities for the ready availability of a wider range of cinema, we believe this area of the UK Film Council's work will become particularly important. We want to further develop some of our most successful existing initiatives and to launch some new ones, including a programme of activity which will contribute to the cultural dimension of the 2012 London Olympics.

### Restoring lost worlds

The BFI National Archive is one of the most significant and extensive archives in the world. The expertise it offers in preservation and restoration is renowned.

In 1994, milk cans found in the basement of a Blackburn shop were found to contain an incredible cache of early silent film – a discovery that would shift the world view of the history of cinema and our understanding of Edwardian Britain. Over a period of four years, a specialist team restored the fragile film material. In the final stage, utilising cutting-edge digital technology, the team produced sparkling films offering audiences a glimpse of their recent ancestors.

To make this treasure trove accessible to as many people as possible, the BFI worked with the BBC to develop *The Lost World of Mitchell and Kenyon*. The project celebrated the pioneering contribution to the British film industry of Sagar Mitchell and James Kenyon, who made films of ordinary people going about their daily lives in the early years of the last century. This remarkable collection of films was commissioned by travelling showmen to screen at fairgrounds and other locations across the UK.

The public's appetite to explore its film heritage could not have been more clearly demonstrated than by the approximately 4.5 million viewers who tuned into the series' first showing, exceeding the viewing forecasts.

The Digital Screen Network (DSN) is probably the most high profile of the UK Film Council's existing digital initiatives. When it is rolled out to its full UK-wide coverage of 240 screens there is no further provision currently available to support the [expansion of the DSN](#). The UK Film Council is assessing the

impact of the DSN to determine whether an expansion would be effective or necessary in terms of public value. The commercial roll-out of digital projection technology is now gathering pace but there is a danger that some small cinemas, and most cinema clubs, whether community or college-based, will be unable to afford the purchase of digital equipment and will be effectively shut out from screening mainstream films once conventional 35mm print releases cease to be produced. What kind of public intervention will be most effective in dealing with this and other issues will only become clear with time, and this is an area where the UK Film Council particularly seek your views.

We recently commissioned an independent study of ways in which [on demand digital technology](#) can be used to enhance access to UK independent and specialised films, on home platforms via TV sets, and on mobile platforms. The conclusions of this report will help to inform our development of initiatives in this sphere, as will our current approach to the industry's development.

There is a need for a more integrated [strategy to develop and promote UK wide archives](#) for educational purposes as well as wider public enjoyment. In 2005 the extraordinary success of the Mitchell and Kenyon film collection on BBC television illustrates the great potential that exists to make this material a public asset to be enjoyed in homes and schools across the UK and abroad. The BFI's proposed network of *mediatheques* will allow visitors who attend dedicated centres to view material which cannot yet be made available online. The longer term ambition, however, must be to enable all the relevant material in the archive to be rights cleared and digitised for easy access online, and to do this in partnership with the Heritage Lottery Fund and the Museum Libraries and Archive Council.

The UK Film Council already operates a [Small Cinema Capital Fund](#). Applications are assessed in both economic and social terms. What is becoming clear is that the existing one-off fund of £1 million was inadequate for this task and the UK Film Council would like to at least treble the resources available. We believe that the wider choice of films made possible in the home and theatre by digital technology may well give these small local cinemas a real boost if they can weather the next difficult few years as digital exhibition beds in.

[Regional film centres](#) – often mixed art-form venues – play a very important catalysing role, as well as filling gaps in provision and creating dynamic cultural hubs in a locality. We will explore with arts organisations how best we can collaborate to develop ‘mixed arts venues’ which increase choice for audiences and stimulate creative enterprise.

The UK Film Council’s [Prints and Advertising \(P&A\) Fund](#) assists the wider distribution and better marketing of British and specialised films. It has already shown itself to be highly effective in allowing films which might otherwise have been pigeon-holed as ‘arthouse’ films, to cross over into the mainstream, proving that it is often lack of distribution and lack of audience awareness, not lack of audience interest, which holds many pictures back. Seen in the context of the £250 million spent each year on commercial P&A in the UK – most all of which is attributable to the US studios – the £2 million currently contributed by UK Film Council is modest indeed. Even so, it is seen as a necessary component to maximising the cultural potential of the 240 screens that will make up the Digital Screen Network. The UK Film Council would like to grow this fund; at the very least doubling it to meet what appears to be a growing public appetite for such films and to fully exploit the possibilities of more flexible programming offered by digital distribution and projection.

Another existing programme to support cinemas, the [Cinema Access Programme](#), creates opportunities for people with sensory impairments to have a more enjoyable visit to the cinema through the provision of subtitles and audio description. This programme has been greatly helped by digital technology and the roll-out of the Digital Screen Network, but there is more to do. We would like to see a situation where cinema facilities for people with sensory disabilities becomes standard.

The [BBC](#) and [Channel 4](#) both have an important role to play in helping to develop greater choice for audiences. Our Memorandum of Understanding with the BBC will not only see it increase its investment in the production and acquisition of British films, but also an increased commitment to promoting opportunities for the appreciation of film and for learning about film. We will now look to Channel 4, the second public service broadcaster in the UK, to demonstrate that it has an appropriate, long-term commitment in line with its remit, to providing UK audiences with access to a greater range of British and specialised films, in a way that the private sector will not deliver.

One important way of giving further momentum to our strategy for a more competitive industry and a more dynamic film culture would be to put in place a [UK-wide film festivals strategy](#). Britain has a plethora of film festivals but few of them enjoy real public profile in the UK, let alone internationally. Moreover, there is no national festival for films from and about black and minority ethnic communities. The UK Film Council was delighted that the Labour Party Manifesto at the last election recognised this missed opportunity and committed the Government to work with us to achieve a more prominent and dynamic approach to festivals around the UK.

## Encouraging participation and opportunities for learning

When the UK Film Council launched First Light in 2001 and led the formation of the Media Literacy Task Force in 2003, these initiatives were seen as interesting but marginal. That is no longer the case. Preventing the growth of a ‘digital divide’ is an economic, social and cultural necessity for any forward-thinking government. The Secretary of State for Culture recently asserted that “media literacy, in its widest sense, is as important to our development as was universal literacy in the nineteenth century.” Over the next three years the UK Film Council has the ambition to drive forward its existing initiatives in this area and develop new activity.

Digital technology now also opens up the possibility of a [network of digital film clubs for schools](#). The Government’s Extended Schools initiative affords an obvious opportunity to promote this idea which could work in partnership with the BFI, Regional Screen Agencies and Film Education to create a more integrated offer for schools and for individual pupils. To complement the current approach of the major studios to digital distribution, films would initially be delivered in digital format on disc with the longer term goal of allowing electronic download, thereby further reducing costs.

The Media Literacy Task Force and the Media Literacy Charter, initiated by the UK Film Council, provides a solid foundation on which to build initiatives with broadcasters and the education world. Although the notion of a media literate population is now part of the core script of government, there is no dedicated funding for media literacy in any of the departments of state.

## Lessons from Northern Ireland – A Wider Literacy

A ground-breaking model for widening media literacy is the found in the recent achievements in Northern Ireland. In 2002 the Northern Ireland Film and Television Commission and the BFI convened a working group to develop a strategic approach for moving image education in the formal and non-formal curriculum in Northern Ireland. *A Wider Literacy* was completed in 2004.

Results to date include:

- 30 staff members of the Education and Library Board Curriculum Advisory Support Service (CASS) receiving training in the use of moving image media as a support to the curriculum;
- 30 primary and post-primary schools being involved in a moving image media literacy project piloting BFI resources and digital video technology;
- Over 150 teachers at primary and post-primary schools receiving training in the use of moving image media;
- 315 candidates entered the Moving Image Arts AS and A-Level qualification in June 2006 – the qualification is to be offered at over 40 schools from 2007;
- Some 2,500 primary school children experiencing moving image production as part of classroom activity over the last two years.

While the circumstances of Northern Ireland are particular, *A Wider Literacy* provides a challenging model to help grow the level of media literacy across the UK.

The UK Film Council believes that a **Media Literacy Challenge Fund**, even with a relatively modest budget, could provide useful partnership funding to enhance media literacy across the UK. Events such as the 2012 Olympics could provide major opportunities for combining a systematic development of media literacy with an exploration of identity. As in Northern Ireland, a programme of training and skills development for teachers and other education professionals would be an important component of any comprehensive media literacy programme.

The BFI will continue to be the UK's principal agency for promoting and extending the use and appreciation of film as an element in formal and informal education and for opening up greater access to film through its priceless archives and library. Having taken on board the challenges contained in the recent National Audit Office report, the UK Film Council is confident that the BFI is now in a position to move forward with confidence. In addition to its existing education and publication programmes, we see the BFI's principal tasks in the next few years as being to develop and exploit its archive more effectively, complete its refurbishment plan for London's South Bank and make a growing contribution to the development of media literacy, within the national curriculum and for the general public.

The BFI's long-term plan to open a new National Film Centre will enhance learning and participation and widen audience choice. It will draw on all the resources of digital technology to create a world-renowned centre of excellence for learning and research, it will house the London Film Festival and help make culturally distinctive films and moving images available across the UK and beyond.

**First Light** has been a very successful and cost effective way of engaging large numbers of young people with the creative process of filmmaking. In doing so, First Light has had a significant impact on hundreds of schools and communities across the UK. The recent winning of the DfES contract for managing the £6 million Youth Media Fund for media projects involving disadvantaged young people is precisely the kind of initiative which First Light sees as a means of growing its work in partnership with other providers. The UK Film Council (and other key partners) is actively supporting the delivery of the Youth Media Fund and is encouraging First Light to look at further complementary sources of funding and revenue generation alongside current UK Film Council backing and support.

There is a wealth of evidence to indicate that not only have the 9,000 young people involved in First Light projects to date gained enormously from the experience, but their schools and communities have benefited too. As an additional bonus, it is becoming clear that First Light has been an essential motivator for a number of young people from all backgrounds who are beginning to make their careers in the film, television and online industries.

### Promoting the UK in the wider world

Following the UK Government's co-production review, new agreements are being advanced with India, China, Jamaica and Morocco. Meanwhile the recently completed treaty with South Africa will allow producers from South Africa and the UK to develop and produce films that will appeal to audiences in both countries as well as internationally, increasing the commerciality of the films and an awareness of other cultures.

## The Constant Gardener

The producers of *The Constant Gardener* needed the film to qualify as British to trigger the UK tax relief, and to finance the film. They had already chosen a Brazilian director and locations in Kenya which would disqualify them from Schedule 1 qualification (a UK-based activity test) and the only option for them was to structure the film as a co-production.

*The Constant Gardener* is a majority UK/minority German co-production, so structured because the UK-German co-production agreement signed in the late 1970s has discretionary provisions towards nationality of labour from Commonwealth countries (in this case Kenya) and allows for location shooting where the script calls for it. In this case the John Le Carré book was set in Kenya, the UK and Germany. A German producer came on board and the film began principal photography in May 2004. Kenyan exteriors were shot in Nairobi and up country and interiors were shot in UK and German studios. There was also some post-production work in Germany.

The film was released in 2005 by Focus Features and went on to win awards all over the world including an Academy Award for actress Rachel Weisz.

The co-production structure afforded the producers both a creative choice and also the ability to raise finance from both private and public sources (the latter attracting the former) including National Lottery support through the UK Film Council's Premiere Fund.

The Academy Award-winning *Tsotsi* was developed and partly financed out of the UK and has enhanced knowledge of contemporary South Africa around the world.

Co-production agreements are seen by the UK Film Council as being a key step in advancing international co-operation in the global film market. Looking back, films such as the award-winning *Bend it like Beckham* showed the UK to be a modern multicultural society, challenging British stereotypes. For example, in China, a survey by the Foreign and Commonwealth Office showed that young Chinese people previously believed the British were all white, predominantly male, had a good head for finance but were neither creative nor interested in sports.

Certification as a British film is an essential requirement to qualifying for the new film tax reliefs. In 2007, the administrative function of certifying British films will transfer to the UK Film Council.

To help facilitate the export of British films to a global marketplace that is continuing to grow, the UK Film Council has already undertaken a number of export initiatives which, support [UK sales agents](#), UK talent and films which promote the creativity and values of Britain. We want to develop such initiatives further.

As part of this broader ambition to raise the profile of British film internationally, and as part of its determination to build a more coherent spread of film festivals, the UK Film Council believes Britain needs a [UK-wide film festival strategy](#) which can showcase the nation, its film culture and its industry to the world. Despite being the third largest market for film in the world, the UK does not have an internationally renowned film festival. We see this as an anomaly. In partnership with the DCMS, the BFI and Creative Scotland, we want to explore the case

for one or more festivals, on a par with other international festivals elsewhere in Europe. In terms of location, London and Edinburgh would be the obvious candidates.

The UK Film Council believes there is a need in such a culturally diverse society as Britain to encourage international co-productions which have cultural value for audiences in the UK even if they are not commercially self-sustaining. Recent changes in the tax system mean that tax relief is now only available on qualifying UK expenditure. A floor of 25% of qualifying expenditure in the UK will also be introduced in order to trigger any tax reliefs, all this is likely to result in a decline in the number and value of international minority co-productions made with the UK. As a consequence there is a danger that some films which have demonstrable cultural value may no longer be financially viable. It is therefore proposed to create a [UK Co-production Fund](#) which would be specifically geared to ensure that the audiences are able to watch a large range of British films which reflect our cultural relationships with other countries.

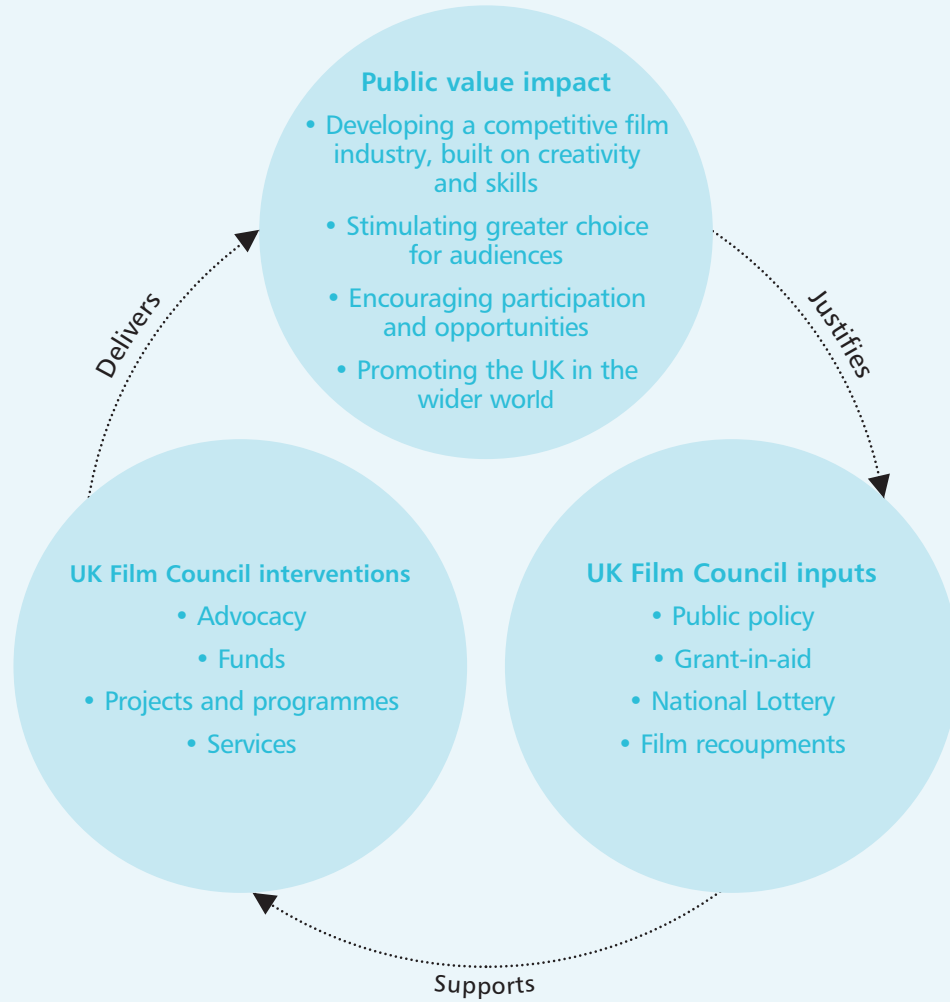
Finally, as the cultural programme for the [2012 London Olympics](#) develops, we believe that it would be foolish not to create a fund which encourages filmmakers to play a part in realising the full potential of the Games as a celebration of the talent and diversity of contemporary Britain. The London 2012 cultural programme is now developing a core of projects based on creative learning, music, museums, libraries and archives, and film and video. In partnership with the BFI, we intend to play our full part in realising this programme with reference to the Paralympics as well as the Olympics.

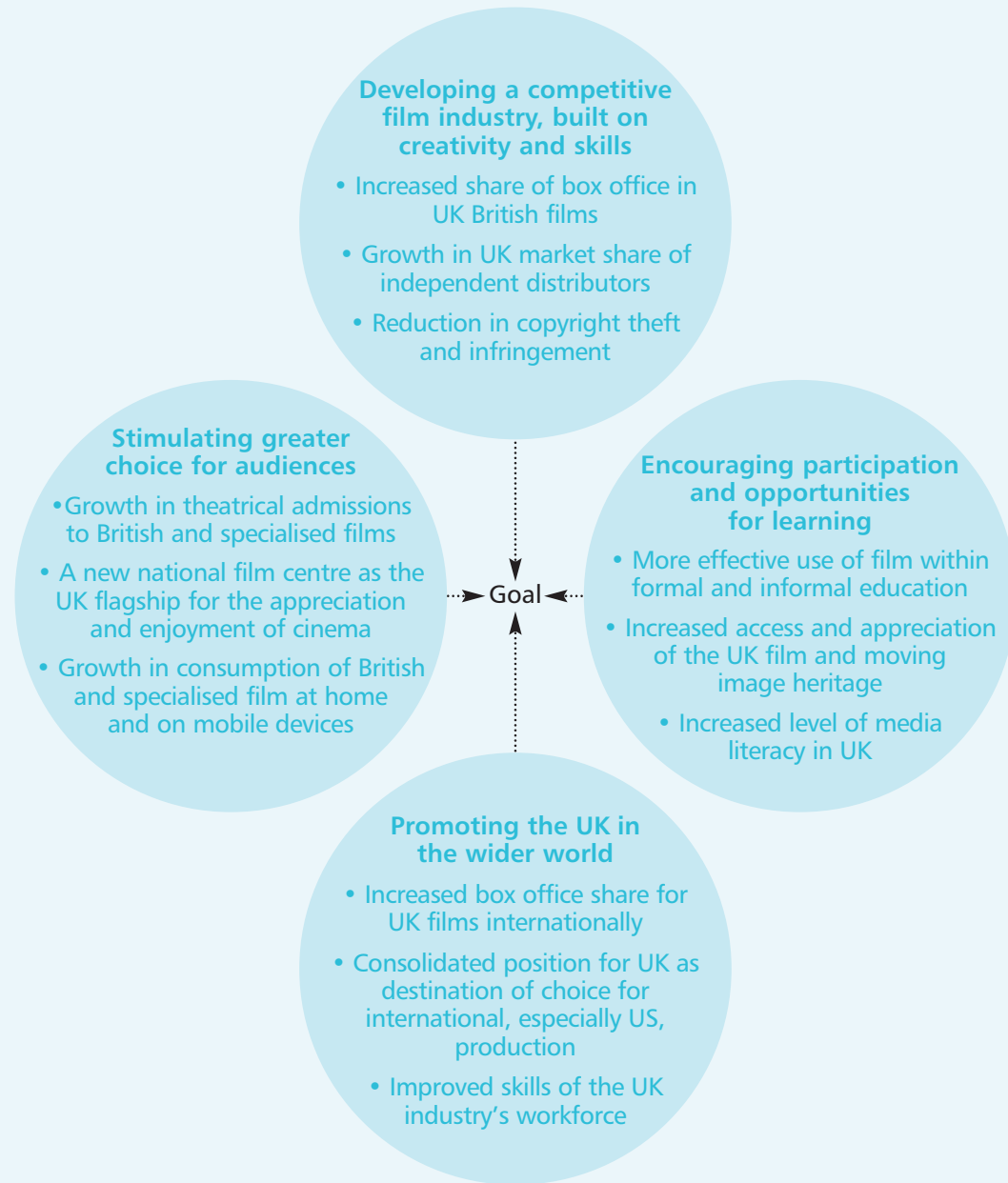
# Indicators of success

"IF I CAN'T WIN,  
I WON'T RUN."  
"IF YOU  
DON'T RUN,  
YOU CAN'T WIN."

**Chariots of Fire**  
Written by Colin Welland  
Directed by Hugh Hudson

## How the public's money delivers public value





Film entertains, inspires, challenges and informs audiences. Film also enhances our quality of life through a wide range of economic, cultural, educational and social benefits. It is an immensely powerful and influential medium which helps shape our individual and collective imagination, and helps drive the UK's creative industries.

The importance and influence of British and specialised film in UK national life is largely a direct result of public policy.

The traditional rationale for such intervention has been based on the concept of 'market failure'. But while 'market failure' provides a strong set of arguments for some forms of public intervention, it does not provide a sufficient basis for understanding all the potential benefits of public policy.

As a consequence, an increasing number of organisations are turning to the concept of 'public value' as an additional means of understanding the need for, and benefits of public policy interventions; and, crucially as a tool to help public sector organisations manage their operations and distribute resources in ways that serve all their stakeholders as effectively as possible. Fundamental to the concept of public value is the value the public places on such interventions. Public value is the public sector equivalent of private value or shareholder return.

The UK Film Council is developing its own public value and performance measurement framework which will track the relationship between UK Film Council interventions and the impact these interventions have on its stakeholders, including both industry and the public. An overview of how the public's money delivers public value through the UK Film Council is shown on the page opposite. Our indicators of success are shown on this page.

# Financial summary

**"I JUST CHECKED  
COLUMNS AND COLUMNS  
OF FIGURES  
WHICH THREE OR FOUR PEOPLE  
HAD CHECKED  
BEFORE ME,  
AND THEN THERE WERE  
OTHER PEOPLE  
WHO CHECKED THEM  
AFTER I HAD  
CHECKED THEM."**

The Bridge on the River Kwai  
Written by Michael Wilson and Carl Foreman  
Directed by David Lean

Our income, from which we finance our funding and policy priorities and cover our operational costs, is derived from three main sources: grant-in-aid, National Lottery receipts and recoupment income.

As far as grant-in-aid is concerned, our allocation from the Department for Culture, Media and Sport (DCMS) is determined every three years through the Government's Spending Review process. The current allocation for 2007/08 is £24.11 million. For planning purposes, in this publication we have assumed no increase in real terms for each of the following two years.

However, we are very aware of the financial situation in which we operate. Not only does the advent of the 2012 Olympics raise questions as to the ongoing future levels of Lottery income, but the Government has just launched the Comprehensive Spending Review 2007 (CSR). Alongside all other public bodies the UK Film Council has been asked to submit to the DCMS, a draft paper outlining the impact of a 5% per annum reduction in available grant-in-aid resources 2008–2010. This is equivalent to a reduction of £0.6 million in 2008/09 and £1.2 million in 2009/10. However decisions as a result of this review are not expected until the second half of 2007.

All the figures modelled below are therefore subject to revision should such a fundamental reduction in resource be announced.

Future National Lottery receipts are shown in the table below. These are based on the current Lottery share of 2.03% of the funds available to the good causes, which is allocated to the UK Film Council (adjusted for the increased percentage change announced by the Secretary of State earlier this year) and which will result in approximately £3 million of additional Lottery income per annum

from 2007/08. These figures are based on National Lottery income projections supplied by the DCMS which include the impact of separate hypothecated games to fund the London Olympics in 2012 and include the UK Film Council's share of Lottery investment returns.

Year	Projected income £'000
2007/08	29,054
2008/09	28,100
2009/10	26,100

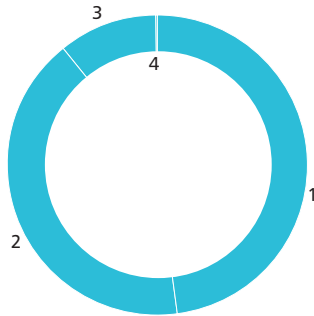
Lastly, recoupment income from our film investments and interest is estimated to be £5.3 million in 2007/08; £8.9 million in 2008/09 and £4.6 million in 2009/10. These return projections are dependent on the commercial exploitation of the feature films benefiting from awards and are not guaranteed.

Under our current strategic plan, we are spending annually more than we receive in income. This is being supported from resources husbanded from our first strategic plan. However, with anticipated Lottery recoupment income over 2007–2010, we will have sufficient resources to meet current scheme expenditure and the new initiatives until 2008/09.

Looking ahead, in 2009/10 there will not be sufficient resources to meet the same levels of Lottery scheme expenditure as in the first two years of the plan. The shortfall in Lottery funds as at 31 March 2010 would currently be approximately £5.6 million. Beyond 2009/10 the potential loss in income to the Olympic Lottery game and the loss of income or reduction in cash balances to meet the UK Film Council's £8.4 million contribution to the Lottery's £410 million share of the London 2012 Olympics means that expenditure will need to be restructured.

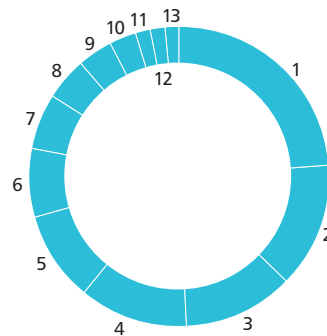
### Annualised income sources over the plan period 2007/10

Source	£'000	%
1 Lottery income <sup>1</sup>	27,751	47.4
2 DCMS grant	24,110	41.2
3 Recoupment income from UK Film Council investments	6,204	10.6
4 EC grant, bank interest and other income	425	0.8
<b>Total</b>	<b>58,490</b>	<b>100.0</b>



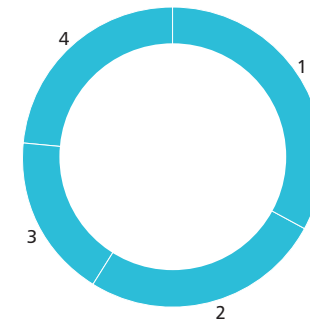
### Annualised core expenditure over the plan period 2007/10

Funding priority	£'000	%
1 BFI	16,000	23.8
2 Operations	9,074	13.5
3 Premiere	8,000	11.9
4 RIFE	7,905	11.7
5 Film Skills	6,500	9.7
6 New Cinema	5,000	7.4
7 Development	4,000	6.0
8 Distribution and Exhibition	3,100	4.6
9 New initiatives	2,554	3.8
10 International, UK Film Council US and UK MEDIA Desk	1,939	2.9
11 First Light	1,100	1.6
12 Sponsorship including Olympics	1,088	1.5
13 Others (including Research and statistics, Certification, Diversity and Publications)	1,100	1.6
<b>Total</b>	<b>67,360</b>	<b>100.0</b>



### The money we spend by aim

Aim	£'000	%
1 Developing a competitive industry built on creativity and skills	22,142	32.9
2 Stimulating greater choice for audiences	17,535	26.0
3 Encouraging participation and opportunities for learning	11,875	17.6
4 Promoting the UK in the wider world	15,808	23.5
<b>Total</b>	<b>67,360</b>	<b>100.0</b>



## How we work

**"KNOWING  
WHO TO  
TRUST  
IS  
EVERYTHING  
IN THIS BUSINESS!"**

**Die Another Day**  
Written by Neal Purvis and Robert Wade  
Directed by Lee Tamahori



"HANG ON  
LADS  
I'VE GOT A  
GREAT IDEA!"

**The Italian Job (1969)**  
Written by Troy Kennedy-Martin  
Directed by Peter Collinson

We would like to hear your views on our proposed policy and funding priorities for April 2007–March 2010. Please feel free to respond to all or some of the questions opposite. It would help us if you would give as full a response to our questions as possible. Thank you for your time.

#### How to respond

*Film in the Digital Age* is available to view online in the downloads section of our website ([www.ukfilmcouncil.org.uk/information/downloads](http://www.ukfilmcouncil.org.uk/information/downloads)).

The questionnaire can be completed overleaf or online at [www.ukfilmcouncil.org.uk/survey](http://www.ukfilmcouncil.org.uk/survey)

Please give your name, position (if any) and organisation (if any) on your response. We would be grateful if you could preface your views with a short statement about your organisation (if you represent one) and how it relates to our role and activities. Under the code of practice on open government, any responses may be published or made available to third parties on request. You should therefore indicate clearly if you wish any part (or all) of your response to remain confidential.

Please send your response to:  
*Film in the Digital Age*  
Communications Department  
UK Film Council  
10 Little Portland Street  
London W1W 7JG

Or email: [consultation@ukfilmcouncil.org.uk](mailto:consultation@ukfilmcouncil.org.uk)

Please send us your response by:  
**Monday 5 February 2007**











“Curiosity  
is not a sin, Harry  
However from  
time to time,  
you should exercise  
caution”

**Harry Potter and the Goblet of Fire**  
Written by J K Rowling (novel)  
Screenplay by Steven Kloves  
Directed by Mike Newell

### Want to know more?

Please visit the UK Film Council website at [www.ukfilmcouncil.org.uk](http://www.ukfilmcouncil.org.uk) for more information on the organisation and its activities.

#### *Filmmaking*

In the Filmmaking section you will find information on UK Film Council funding programmes for feature and short film production, as well as guidance on filming in the UK, including details of the new film tax incentives.

#### *Cinema-going*

This section offers information on the Digital Screen Network and funding schemes run by the Distribution and Exhibition department, and the weekly UK box office statistics.

#### *News and publications*

As well as UK Film Council news, this section includes pages of Research and Statistics and a library of UK Film Council publications, consultation responses and policy papers.

An overview of the UK Film Council and details of its Board of Directors can be found in **about us**; information on the UK Film Council’s Diversity and Inclusion strategy and the Equalities Charter for Film can be found in the **diversity section**; contact details for our main strategic partners are available under **Partners and regions**; and a database of Lottery funding disbursed by the UK Film Council is in **National Lottery Awards**.

## Glossary

BAFTA	British Academy of Film and Television Arts
BFI	British Film Institute
CSR	Comprehensive Spending Review
DCMS	Department for Culture, Media and Sport
DfES	Department for Education and Skills
DSN	Digital Screen Network
DTI	Department of Trade and Industry
DVD	Digital Versatile Disc
EFADs	European Film Agency Directors group
GDP	Gross Domestic Product
IP	Intellectual Property
MBA	Master of Business Administration
NSA	National Screen Agency
Ofcom	Office of Communications
P&A	Prints and advertising
RDA	Regional Development Agency
RIFE	Regional Investment Fund for England
RSA	Regional Screen Agency

*"Splendid, I thought.  
What did you think?"*

*"I thought splendid! What did you think?"*

*"Splendid,  
I thought."*

Further print copies of this consultation paper can also be obtained by calling:

**Communications Department**  
**UK Film Council**  
**10 Little Portland Street**  
**London W1W 7JG**

**E: [commssupport@ukfilmcouncil.org.uk](mailto:commssupport@ukfilmcouncil.org.uk)**  
**T: +44 (0) 20 7861 7884**  
**F: +44 (0) 20 7861 7863**

Thank you for taking the time to read this consultation paper. We will make available our finalised plan in Spring 2007.