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**About the Research and Statistics Unit (RSU)**

The RSU provides research data and market intelligence to anyone with an interest in UK film and film in the UK. No part of this publication may be reproduced without written consent of the authors. We acknowledge the kind permission of the copyright owners to use their data in this bulletin.

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## Introduction

### 2005 - a year of mixed fortunes

Cinema admissions finished the year strongly, but overall were 3.8% down on 2004 and 6.4% down on the peak year of 2002. On the other hand, this was a much better performance than in a number of European territories, which saw admission declines of 10-20% compared with 2004. UK box office revenues were the same as in 2004 according to Nielsen EDI.

Factors holding back admissions and box office growth included: the underperformance of some of the films released by the US majors, greater availability of film on DVD and the impact of on-line and DVD piracy, which the industry estimates could cost it several hundred million pounds per year.

One reason the UK box office performed relatively better than in some European territories was the extremely good performance of UK films in 2005. UK films took 34% of the box office, compared to 23% the previous year. Films contributing to this record included: *Harry Potter and the Goblet of Fire*, *Charlie and the Chocolate Factory*, *Wallace & Gromit: The Curse of the Were-Rabbit*, *Nanny McPhee*, *Batman Begins*, *Pride and Prejudice* and *The Hitchhiker's Guide to the Galaxy*.

On the production side (section 2 of this bulletin), 2005 saw a significant fall in inward investment volumes and co-production activity, but a growth in the numbers and value of domestic UK films. Inward investment – particularly incoming US studio film production – was affected by uncertainty over the tax regime prior to the Government's December 5 2005 tax announcement, the lower value of the US dollar relative to Sterling (making production in the USA more competitive) and competition from newly emerging production destinations.

The pattern of co-production activity is illuminated further in section 3, summarising official co-production certifications by the Department for Culture, Media and Sport. From relatively low levels in the late 1990s, co-production activity accelerated to a peak in 2003/2004, since then it has eased back in response to tighter certification rules and uncertainty over future tax incentives.

While the tax situation has now been settled, it is unlikely that co-productions will return to the 2003/04 peak as, in future, tax incentives will be calculated on the basis of UK spend, rather than total budget, which will discourage low UK spend co-productions that might otherwise have been constructed to gain access to UK tax incentives.

Finally, in section 4, we look at a good news story for the UK exhibition sector – the positive social, economic and cultural impacts of local cinemas. Based on a study funded by the UK Film Council, the British Film Institute, EM Media and Film London between 2002 and 2005, this section reports a range of positive social benefits arising from smaller cinemas in town centre locations – a sense of place, a broadening of film choice, social inclusion, educational

and volunteering opportunities, improved local safety, vibrancy of town centres, architectural conservation and economic impacts such as increased spending for nearby businesses, demand for local supplies and increased employment.

Examining these impacts is part of a broader UK Film Council research programme looking at the social, economic and cultural impacts of film in the context of the public value delivered by Government support of the UK film industry and film culture, the results of which will be published as they emerge.

David Steele, Head of Research and Statistics Unit (RSU)  
Sean Perkins, Research Executive  
March 1 2006

### About the UK Film Council

The UK Film Council was established by the Government in 2000 as the lead agency for film in the UK ensuring that the economic, cultural and educational aspects of film are effectively represented at home and abroad.

### We support:

- **Creativity** - encouraging the development of new talent, skills and creative and technological innovation in UK film, and assisting new and established filmmakers to produce successful and distinctive British films.
- **Enterprise** - supporting the creation and growth of sustainable businesses in the film sector, providing access to finance and helping the UK film industry compete successfully in the domestic and global marketplace.
- **Imagination** - promoting education and an appreciation and enjoyment of cinema by giving UK audiences access to the widest range of UK and international cinema, and by supporting film culture and heritage.

## 1. UK admissions and box office gross in 2005

Although admissions declined 3.8% year on year to 165 million in 2005, the UK theatrical market performed better than most other major territories last year. The strong boost in the final quarter of the year offset the relatively poor returns in the summer months which were characterised by under-performing blockbusters. The increase in year end admissions can be attributed to the strong performance of UK films such as *Harry Potter and the Goblet of Fire* and *Wallace & Gromit: The Curse of the Were-Rabbit* as well as films based on familiar UK story material such as *The Chronicles of Narnia: the Lion, the Witch and the Wardrobe*. As a result of these high profile releases, average weekly admissions rose to 4 million in December – the highest since July 2004. The monthly breakdown is given in tables 1.1 to 1.3.

**Table 1.1 Monthly admissions, 2005**

Month	2004 (m)	2005 (m)	% +/- on 2004
January	15.3	13.4	-12.4
February	13.3	14.8	+11.3
March	10.7	12.3	+15.0
April	14.5	10.6	-26.9
May	13.1	13.1	0
June	14.7	10.5	-28.6
July	18.4	16.0	-13.0
August	17.4	15.9	-8.6
September	10.2	9.5	-6.9
October	14.5	15.6	+7.6
November	14.6	15.2	+4.1
December	14.6	17.6	+20.5
<b>Total</b>	<b>171.3</b>	<b>164.7</b>	<b>-3.8</b>

Source: CAA, Nielsen EDI

**Table 1.2 Average weekly admissions, 2005**

Month	2004 weekly average (m)	2005 weekly average (m)
January	3.5	3.0
February	3.2	3.7
March	2.4	2.8
April	3.4	2.5
May	3.0	3.0
June	3.4	2.5
July	4.2	3.6
August	3.9	3.6
September	2.4	2.2
October	3.3	3.5
November	3.4	3.5
December	3.3	4.0

Source: CAA, Nielsen EDI

**Table 1.3 Monthly admissions, 2001-2005**

Month	2001 (m)	2002 (m)	2003 (m)	2004 (m)	2005 (m)
January	11.6	15.0	16.3	15.3	13.4
February	13.8	19.0	15.0	13.3	14.8
March	10.0	14.3	10.4	10.7	12.3
April	14.0	13.2	12.4	14.5	10.6
May	11.6	14.0	13.8	13.1	13.1
June	9.4	12.2	9.4	14.7	10.5
July	13.8	15.0	12.4	18.4	16.0
August	18.1	15.9	17.1	17.4	15.9
September	10.6	10.6	10.7	10.2	9.5
October	13.4	13.4	17.3	14.5	15.6
November	14.7	16.5	13.7	14.6	15.2
December	14.8	16.9	18.8	14.6	17.6
<b>Total</b>	<b>155.8</b>	<b>176.0</b>	<b>167.3</b>	<b>171.3</b>	<b>164.5</b>

Source: CAA, Nielsen EDI

The pattern of regional admissions remains largely unchanged from the previous year (Table 1.4). The London, Midlands and Lancashire TV regions typically account for half of all UK admissions (having high urban population densities).

Table 1.4 Cinema admissions by TV region, 2005

Region	Admimssions	%
London	41,332,225	25.1
Midlands	23,280,583	14.1
Lancashire	18,264,672	11.1
Southern	15,244,349	9.3
Yorkshire	13,771,042	8.4
Central Scotland	11,343,353	6.9
East Of England	10,896,998	6.6
Wales & West	10,788,202	6.6
North East	6,343,985	3.9
Northern Ireland	4,920,551	3.0
South West	3,616,164	2.2
Northern Scotland	3,275,036	2.0
Border	1,614,618	1.0
<b>Total</b>	<b>164,691,778</b>	<b>100.0</b>

Source: CAA/Nielsen EDI

Whilst 2005 saw a decline in cinema admissions, the total box office gross for the UK and Ireland increased by 1% to £840,352,231. The UK box office remained stable at £770m.

Table 1.5 lists the top 20 performers by box office gross in 2005. Eight UK titles feature in a top 20 dominated by family-oriented fantasy films: *Harry Potter and the Goblet of Fire*; *Charlie and the Chocolate Factory*; *Wallace & Gromit: The Curse of the Were-Rabbit*; *Nanny McPhee*; *Batman Begins*; *Pride and Prejudice*; *The Hitchhiker's Guide to the Galaxy* and *Valiant*. Together with the first film in *The Chronicles of Narnia* series, titles based on UK story material played exceptionally well to local audiences. As in the previous two years, all the top 20 titles were made with some form of US involvement.

Table 1.5 Box office results for the top 20 films released in the UK, 2005

Rank	Title	Country of origin	Box office gross (£m)	Number of Opening cinemas	Opening weekend gross (£m)	Distributor
1	Harry Potter and the Goblet of Fire*	UK/USA	48.53	535	14.93	Warner Bros.
2	The Chronicles of Narnia: The Lion, the Witch and the Wardrobe*	USA/NZ	43.24	498	8.88	Buena Vista International
3	Star Wars: Episode III - Revenge of the Sith	USA	39.43	490	14.36	20th Century Fox
4	Charlie and the Chocolate Factory	UK/USA	37.46	531	7.97	Warner Bros.
5	Wallace & Gromit: The Curse of the Were-Rabbit	UK/USA	32.00	501	9.37	UIP
6	War of the Worlds	USA	30.65	507	8.64	UIP
7	King Kong*	USA/NZ	29.98	481	6.94	UIP
8	Meet the Fockers	USA	28.93	456	7.92	UIP
9	Madagascar	USA	22.65	505	5.43	UIP
10	Hitch**	USA	17.39	448	4.23	Sony
11	Nanny McPhee	UK/USA	16.49	427	2.60	UIP
12	Batman Begins	UK/USA	16.42	514	4.43	Warner Bros.
13	Pride and Prejudice	UK/USA	14.57	397	2.53	UIP
14	Mr. & Mrs. Smith	USA	13.59	450	3.94	20th Century Fox
15	Wedding Crashers	USA	13.16	409	2.18	Entertainment
16	Fantastic Four	USA	12.71	406	3.54	20th Century Fox
17	Ocean's Twelve	USA	12.58	450	3.39	Warner Bros.
18	Robots	USA	12.48	474	2.62	20th Century Fox
19	The Hitchhiker's Guide to the Galaxy	UK/USA	10.67	465	3.30	Buena Vista International
20	Valiant	UK/USA	8.52	403	1.10	Entertainment

Source: Nielsen EDI, RSU

Box office gross = cumulative total up to 12 February 2006

Films with an asterisk (\*) were still being exhibited on 12 February 2006

Films with double asterisk (\*\*) are shown with weekend figures corresponding to the first weekend of wide release, rather than opening weekend.

Table 1.6 focuses on the performance of top UK films at the box office. The total box office gross of the top 20 UK films was £244.05 million, compared with £176.18 million in 2004 and £121.63 million in 2003. Seven inward investment titles, made in the UK with some

degree of US involvement, earned over £10 million at the UK box office. In addition, the number of domestic and co-productions earning between £3 million and £6 million (such as *The Magic Roundabout*, *The Constant Gardener*, *Corpse Bride* and *Mrs Henderson Presents*) contributed to a strong year for UK film at the box office.

**Table 1.6 Top 20 UK films released in the UK, 2005**

Rank	Title	Country of origin	Box office gross (£m)	Distributor
1	Harry Potter and the Goblet of Fire*	UK/USA	48.53	Warner Bros.
2	Charlie and the Chocolate Factory	UK/USA	37.46	Warner Bros.
3	Wallace and Gromit: The Curse of the Were-Rabbit	UK/USA	32.00	UIP
4	Nanny McPhee	UK/USA	16.49	UIP
5	Batman Begins	UK/USA	16.42	Warner Bros.
6	Pride and Prejudice	UK/USA	14.57	UIP
7	The Hitchhiker's Guide to the Galaxy	UK/USA	10.67	Buena Vista International
8	Valiant	UK/USA	8.52	Entertainment
9	Closer	UK/USA	8.49	Sony
10	Kingdom of Heaven	UK/USA/Spa/Ger	7.77	20th Century Fox
11	White Noise	UK/Can/USA	6.46	Entertainment
12	The Magic Roundabout	UK/Fra	5.96	Pathé
13	The Constant Gardener*	UK	5.33	UIP
14	Corpse Bride	UK/USA	4.85	Warner Bros.
15	Sahara	UK/USA/Spa/Ger	4.83	UIP
16	The Wedding Date	UK/USA	3.96	Entertainment
17	Mrs. Henderson Presents*	UK	3.43	Pathé
18	Kinky Boots	UK/USA	3.03	Buena Vista International
19	Alexander	UK/USA/Fra/Neth	2.73	Warner Bros.
20	The Descent	UK	2.72	Pathé

Source: Nielsen EDI, RSU

Box office gross = cumulative total up to 12 February 2006

Films with an asterisk (\*) were still being exhibited on 12 February 2006

## 2. UK Film production in 2005

### 2.1 The value of UK production, 2005

UK production activity fell to £569 million in 2005 from £812m in 2004 and 2003's particularly high level of £1,158 million.

There were 25 inward investment productions in 2005, with a UK production value of £312 million. (See Table 2.1 for definitions). Big budget films contributing to this figure were: *The Da Vinci Code*, *Basic Instinct 2*, *V for Vendetta* and *The Children of Men*. The high international visibility of these titles illustrates the continuing importance of UK film production in the global film industry.

There were 37 domestic features in 2005 to a value of £166 million, a significant increase on 2004. Larger budget films contributing to this total included: *Sunshine*, *Stormbreaker*, *Breaking and Entering* and *Flight 93*.

UK co-productions (other than inward) fell from 86 to 62, with UK spend dropping from £146 million to £91 million, in part reflecting a tightening in certification requirements. UK co-productions in 2005 included: *The Queen*, *Love and Other Disasters*, *The Last King of Scotland* and *The Wind That Shakes the Barley*.

Production levels in 2005 were affected by uncertainty over future tax incentives for film, prior to the Government's announcement of the new system on 5 December 2005. Levels of inward investment were additionally affected by the low value of the US dollar relative to Sterling in 2005, which made film production in the USA relatively more competitive, and the competitiveness of newly emerging alternative production destinations.

**Table 2.1 Feature film production activity, 2004-2005**

	Number of Productions 2004	Value £m 2004	Number of Productions 2005	Value £m 2005
Inward feature films (single country)	17	476.9	19	240.8
Inward feature films (co-productions)	3	71.6	6	71.2
Total inward investment	20	548.5	25	312.0
Domestic UK feature films	27	117.8	37	166.3
UK co-productions (other than inward)	86	145.6	62	90.5
<b>Total production investment</b>	<b>133</b>	<b>811.9</b>	<b>124</b>	<b>568.8</b>

Source: UK Film Council International

#### Definitions

1. An inward feature is defined as a feature film more than 50% financed from outside the UK where the production is location non-specific or is attracted to the UK because of its infrastructure
2. An inward feature co-production is an official co-production that originates from outside the co-production treaty countries (usually from the USA)

and which is attracted to the UK because of its infrastructure.

3. A domestic UK feature is a feature made by a UK production company that is shot wholly or partly in the UK.

4. A UK co-production is a co-production (other than an inward co-production) involving the UK and other country partners under the terms of a bilateral co-production agreement or the European Co-production Convention.

Measurement

5. The total budget is counted for all productions which are likely to qualify as British under Schedule 1 of the Films Act 1985.

6. Only UK spend is counted for co-productions.

7. Spend is allocated to the year in which principal photography started.

Exclusions

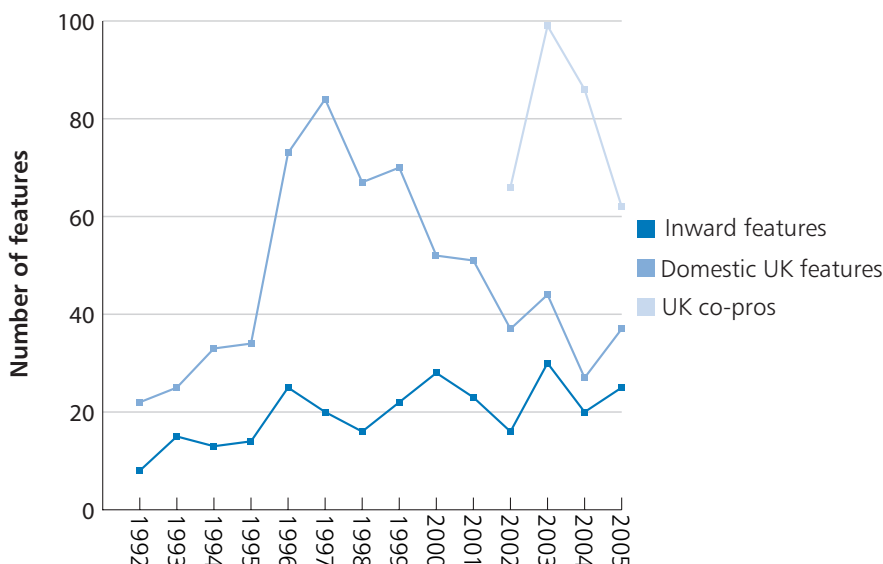
8. The provision of UK production and post-production services to films other than those counted in Table 2.1 is not included.

9. Spending on films with budgets under £500,000 is not included.

### 2.2 Inward, domestic and UK co-production features 1992-2005

Figure 2.1 puts the 2005 figures in a longer time perspective. The decline in domestic features since 1997 has occurred alongside a substantial growth in co-production activity, suggesting it has been easier to make films as official co-productions than as stand-alone UK productions. With the change in tax rules, commencing in 2006, we may see a stronger growth in domestic productions compared to co-productions in the future. Despite a lower production value in 2005, the number of inward features shows a thirteen year upward trend. Despite a small overall fall compared with 2004, production numbers overall continued at a high level in 2005 compared with the low levels of the early 1990s, before the introduction of tax relief and Lottery support for UK film.

**Figure 2.1 Number of inward, domestic and UK co-production features, 1992-2005**

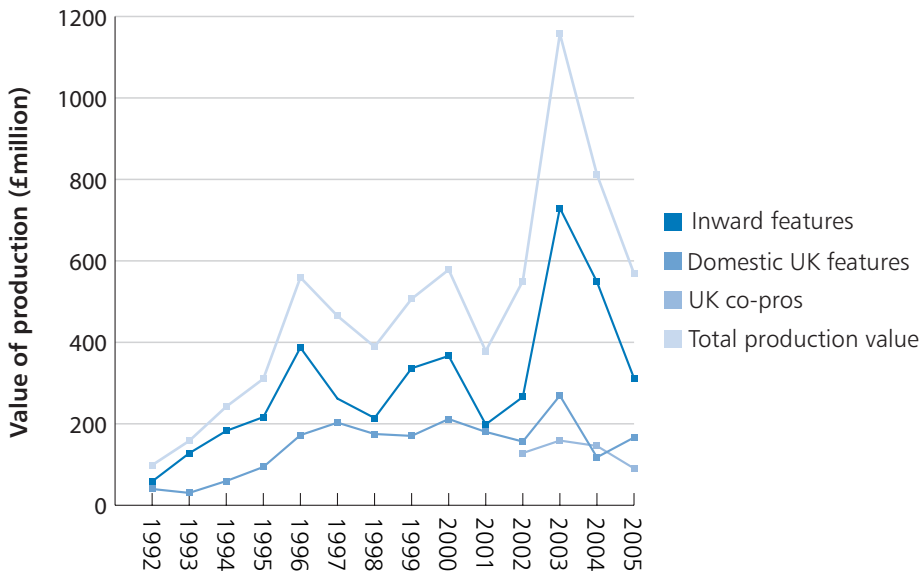


Source: UK Film Council International

Note: 'Inward features' includes inward investment co-productions from 2002

The value of UK production in 2005 was significantly lower than in 2003 and 2004, returning to the levels of 2000 and 2002. (Figure 2.2). Since 1997, the fluctuation in production value has principally been driven by inward features. However the value of domestic and UK co-productions also slipped in the last two years, reflecting uncertainties in the funding environment.

Figure 2.2 Value of inward, domestic, UK co-production and total features, 1992-2005



Source: UK Film Council International

Notes: 'Inward features' includes inward investment co-productions from 2002.

For co-productions (inward and UK) only the UK spend is included in the above chart (not the total budget).

### 2.3 Budgets ease back

In 2005, budgets for individual films shot partly or wholly in the UK decreased. The falls were particularly notable for inward features, measured both by median and average budgets. The only budget measure which increased (slightly) was the average for domestic UK productions, which went up from £4.4m to £4.5m, reflecting a number of higher budget domestic films such as *Stormbreaker*, *Sunshine* and *Flight 93*.

Table 2.2 Comparison of median and average budgets, 2003-2005

Production category	Median budget £m			Average budget £m		
	2003	2004	2005	2003	2004	2005
Inward features (single country)	12.1	16.5	12.8	26.5	36.0	20.1
Inward features (co-productions)	46.6	38.1	33.6	51.6	47.4	30.7
Domestic UK productions	3.0	2.9	2.3	6.1	4.4	4.5
Co-productions (other than inward)	3.5	4.4	4.3	5.5	5.4	4.6

Source: UK Film Council International, RSU analysis

Notes:

'Average budget' is the arithmetical mean (ie total budget divided by total number of films in the category, for which budgets were available).

'Median budget' is the middle value (ie there are equal numbers of films above and below the median budget).

Where the average is higher than the median (as it is with all the categories in Table 2.2) this indicates that the average has been skewed upwards by a relatively small number of high budget films.

## 2.4 Size distribution of budgets, 2005

The size distribution of the budgets for the four categories of film is shown in Tables 2.3 to 2.6. Four features with budgets of over £30 million accounted for 59.4% of the aggregate budget for inward features (single country). Nine out of 19 features had budgets of less than £10 million.

**Table 2.3 Size distribution of budgets, inward features (single country), 2005**

Budget band (£m)	Number	Total budget in band (£m)	% of total budget
£30m+	4	214.5	59.4
£10-30m	6	115.8	32.1
Under £10m	9	31.0	8.6
<b>Total</b>	<b>19</b>	<b>361.3</b>	<b>100.0</b>

Source: UK Film Council International, RSU analysis

Four inward features (co-productions) had budgets of £30 million or more. Two had budgets in the £10-30 million range and none had budgets under £10 million.

**Table 2.4 Size distribution of budgets, inward features (co-productions), 2005**

Budget band (£m)	Number	Total budget in band (£m)	% of total budget
£30m+	4	149.2	81.0
£10-30m	2	35.1	19.0
Under £10m	0	0.0	0.0
<b>Total</b>	<b>6</b>	<b>184.3</b>	<b>100.0</b>

Source: UK Film Council International, RSU analysis

As in 2004, there were no domestic UK features in 2005 with budgets over £30 million. Most domestic UK features had budgets under £5 million, though the ten films in the £5-30 million budget range accounted for two thirds of the combined budget.

**Table 2.5 Size distribution of budgets, domestic UK features, 2005**

Budget band (£m)	Number	Total budget in band (£m)	% of total budget
£30m+	0	0.0	0.0
£10-30m	3	58.5	35.2
£5-10m	7	52.9	31.8
£2-5m	15	42.7	25.7
£0.5-2m	12	12.3	7.4
<b>Total</b>	<b>37</b>	<b>166.4</b>	<b>100.0</b>

Source: UK Film Council International, RSU analysis

Most co-productions (other than inward) were in the budget range £2-10 million (44 out of 62) accounting for 84% of the combined budget. Compared with 2004, there were fewer films, and a lower budget share, in the £10-30 million budget range.

**Table 2.6 Size distribution of budgets, UK co-productions (other than inward), 2005**

Budget band (£m)	Number	Total budget in band (£m)	% of total budget
£30m+	0	0.0	0.0
£10-£30m	2	23.7	8.4
£5-10m	19	140.3	49.7
£2-5m	25	96.6	34.2
£0.5-2m	16	21.7	7.7
<b>Total</b>	<b>62</b>	<b>282.3</b>	<b>100.0</b>

Source: UK Film Council International, RSU analysis

### 2.5 Big budget productions, 2002-2005

The importance to UK spend of a small number of big budget productions – most of which are inward investment films – is demonstrated in Table 2.7. In 2005, the eight films with budgets of £30 million or more accounted for 63.9% of total UK production spend.

**Table 2.7 Big budget films' contribution to UK spend, 2002-2005**

Budget band (£m)	2002	2003	2004	2005
Number of films with budgets more than £30m	5	15	8	8
Value of associated UK spend	196.6	671.6	432.4	363.7
Total UK spend	550.5	1157.7	811.9	568.8
Big budget film share of UK spend	35.7%	58.0%	53.3%	63.9%

Source: UK Film Council International, RSU analysis

### 2.6 UK share of expenditure

Table 2.8 shows the UK expenditure shares for inward investment films, inward co-productions and co-productions (other than inward). Inward investment films had the highest UK expenditure share (66.6%). This is because most inward investment films qualified as British under Schedule 1 of the Films Act 1985, which required a 70% UK spend for certification. Inward co-productions had a UK expenditure share of 38.6% and co-productions (other than inward), 32.1%.

**Table 2.8 UK expenditure shares 2005**

Inward investment films	66.6%
Inward co-productions	38.6%
Co-productions (other than inward)	32.1%

Source: UK Film Council International, RSU analysis

**2.7 UK co-productions by country of shoot**

Table 2.9 shows the shoot locations for UK co-productions (not including inward investment) in 2005. The most frequent locations were the UK (15 productions) and Germany, Italy, Luxembourg, Romania and Spain with six each. Although the ranking is slightly different, these countries were also popular shoot locations in 2004. Canada (with two) and France (zero) were notably less popular in 2005 than in 2004, when they provided shoot locations for five and eight UK co-productions respectively. This reflects the lower amount of UK-Canada and UK-France co-production activity as efforts have been made to balance the number of majority Canadian and French co-productions with majority UK productions.

**Table 2.9 UK co-productions, country of shoot, 2005**

Country	Number of productions
UK	15
Germany	6
Italy	6
Luxembourg	6
Romania	6
Spain	6
Ireland	5
Hungary	4
Belguim	3
Netherlands	3
Austria	2
Canada	2
Isle of Man	2
Sweden	2
USA	2
Others	21

Source: UK Film Council International

Note: Some productions were shot in more than one country, hence the total in Table 2.9 is greater than the number of UK co-productions.

Table 2.10 shows the shoot locations by region for UK co-productions shot abroad between 2003 and 2005. Western Europe (not including the UK) was once again the most frequent destination. Shoots in Eastern Europe and Russia (mainly Romania and Hungary) increased again, after dropping in 2004. Elsewhere, numbers were relatively small in 2005.

**Table 2.10 Location of shoot by region, UK co-productions shot abroad, 2003-2005**

Region	Shot abroad in 2003	Shot abroad in 2004	Shot abroad in 2005
Not available	33	19	2
Western Europe	42	49	48
North America	8	7	4
South & Central America, Caribbean	0	4	1
Eastern Europe and Russia	16	8	16
Australia and New Zealand	4	7	1
Asia	3	0	0
Africa & Indian Ocean	5	4	4

Source: UK Film Council International, RSU analysis

Note: Of the co-productions in 2003 and 2004 for which location information was not available, some may have been shot in the UK.

## 2.8 Production company activity levels

UK film production in 2005 was, as usual, dispersed over a large number of production companies, as shown in Table 2.11. UK Film Council International recorded 263 production companies associated with films shot in the UK or co-productions involving the UK in 2005. Of these, 195 companies were associated with a single feature. A considerable number of these are likely to have been single-purpose vehicles. The two most prolific production companies were associated with seven features each, followed by two companies with four features, four with three features and seventeen with two features.

**Table 2.11 Film production company activity, 2005**

Number of features per company	Number of companies
7	2
4	2
3	4
2	17
1	195

Source: UK Film Council International, RSU analysis

Notes: Includes all types of films involving the UK.

Films frequently have several production companies associated with them, so the sum of (number of features) x (number of companies) is substantially greater than the total number of features involving the UK in 2005.

### 2.9 US studios' involvement in inward features

US studios were prominent in inward film investment into the UK in 2005, though not to the same extent as in previous years, as a result of uncertainty over the tax regime prior to the Government's announcement on 5 December 2005, the lower value of the US dollar and the emergence of other competitive international production locations. US studios accounted for 7 out of 25 inward features (single country and co-productions) and £164 million out of £312 million UK spend (53% of UK spend associated with inward features) (Table 2.11).

**Table 2.12 US studios' involvement in inward features and inward co-productions, 2005**

Studio	Number of inward features in 2005
Warner Bros.	1
20th Century Fox	1
Universal	3
Sony	2
<b>Total</b>	<b>7</b>

Source: UK Film Council International

## 3. Update on co-production activity

Co-production statistics collected by the Department of Culture, Media and Sport throw additional light on the evolution of feature film co-production activity. Under the UK's various co-production agreements, co-productions must be certified by the competent authorities in each country as meeting the certifying criteria. Once certified, a film counts as a national film in each of the territories and qualifies for public support on the same basis as national films in that territory. DCMS grants provisional approval prior to the completion of the film to films that meet the criteria and final certification once the film has been completed and final documents submitted.

In 2005 there were 103 final feature film certifications, to a total investment value of £865 million. 39% of the films' expenditure occurred in the UK. Sixty-seven of the co-productions took place under the European Convention on Cinematographic Co-production, with the remaining films qualifying under the UK's bilateral agreements, particularly with Canada and France.

The data on provisional approvals give a clear picture of the rise and fall of co-production activity in recent years, extending the picture presented in Figure 2.1. From a relatively low level in the late 1990s (Table 3.1.), co-production activity grew to a peak in 2003/04. The UK expenditure share fell, to a low of 25% in 2001. In 2004/05, DCMS tightened the certification criteria, to make sure that balance in co-productions relations was maintained under each of the UK's agreements. Coupled with uncertainty over the future tax regime (prior to the Government's tax announcement in December 2005) this brought about a cooling in co-production activity and an increase in the planned UK expenditure share to 40%.

**Table 3.1 Provisional approvals by year, feature films,  
1998 - Dec 2005**

Year	Number	Total Investment
1998	21	85,902,894
1999	14	48,472,535
2000	37	196,140,869
2001	65	462,878,748
2002	90	633,066,713
2003	137	1,297,217,481
2004	119	763,452,533
2005	75	499,950,583
<b>Total</b>	<b>558</b>	<b>3,987,082,356</b>

Source: Department for Culture, Media and Sport (DCMS), UK Film Council

In the past, part of the attraction of co-production activity in partnership with the UK was that tax incentives could be claimed in relation to the whole budget of a film even when only a minority of the expenditure occurred in the UK. Government has announced that in future tax incentives will be available only in relation to UK spend (above a minimum threshold). This should see a stabilisation in co-production activity at a lower level than reached at the time of the 2003/04 peak.

## 4. The impact of local cinemas

In 2003, the British Film Institute and the UK Film Council commissioned a study to measure and assess the impact of local cinemas on the social, cultural and economic life of their communities. Two Regional Screen Agencies, EM Media and Film London, also funded case study elements of the project.

The research demonstrates the wide range of positive impacts local cinemas have on their communities, examining the role of venues in boosting the local economy, improving social cohesion and benefiting local culture. The report is aimed at cinema exhibitors, local authorities, development agencies and those interested in cinema provision and/or the vitality of smaller towns.

### 4.1 Measuring impact

The study had two aims:

1. To investigate and describe the impact of local cinemas on their communities
2. To develop a package of impact measurement tools that could be used by other research teams to assess the impact of other small venues

## 4.2 Methodology

To meet the aims of the study, a multi-method approach was adopted with the following elements:

- initial desk research to explore existing literature on impact measurement methodologies
- selection of five case study cinemas

Then for each of the five cinemas:

- a site visit
- depth interviews (and regular follow-ups) with cinema manager and staff
- focus group with cinema audience
- telephone interviews with some of the cinema's local suppliers, community groups or educational organisations with links to the cinema, the local council and the local press

Additional fieldwork was conducted for certain case studies, including:

- cinema audience survey
- interviews and a postal survey with local residents
- a focus group with educational programme participants

## 4.3 Selection of case studies

Five independent, locally owned and operated cinemas were selected - The Savoy, Penzance; The Curzon, Clevedon; The Lonsdale, Annan; The Rio, Dalston; and The Metro, Derby. The cinemas are located across the UK, and were selected to cover a range of characteristics - both urban and rural settings, mainstream and specialised programmes, single screen and multiple screen cinemas, and private, trust and public funding.

## 4.4 Local social and cultural impacts

It was found that all five case study cinemas enhance the social and cultural lives of their local communities in the following ways:

### *A community focus*

Local cinemas play a crucial part in fostering a sense of place for their communities as key venues with a community focus. They provide a strong social function as a meeting place and centre in which to socialise. The venues widen the range of cinema-going opportunities for local residents, enhancing local cultural life. They either provide a mainstream programme where no other cinemas exist in the locality, or a specialised alternative in those areas with multiplex provision.

### *Social inclusion*

The cinemas play an important social inclusion role, reaching out to under-served members of the local population. They also re-introduce people to film, including young parents with babies and elderly people who would otherwise not have the opportunity to watch films for them in an easily accessible traditional environment. Film festivals, special screenings and educational initiatives also target various community groups which would otherwise be excluded. For example, The Metro, Derby holds special screenings for children with autism

and with hearing impairments. Two of the case study cinemas also enhance access and participation among otherwise excluded local minority ethnic groups through dedicated film festivals and special screenings of world cinema.

### *Learning opportunities*

Cinemas enhance local learning opportunities through links with local schools, colleges and courses, although lack of funding often restricts the range of educational activities. The case study cinemas are also involved in the delivery of lifelong learning opportunities through courses around film. Their role in improving the skills and knowledge base of the community is recognised by participants and practitioners alike.

### *The voluntary sector*

Cinemas also make an important social contribution to their local communities through the provision of volunteering opportunities. Links with film societies have a strong impact on local film culture, with the cinemas providing a venue, and often taking the lead in booking films.

### *Families and young people*

Local cinemas are seen in general as affordable leisure options for families, with fewer concerns over travel and food costs than other activities. The cinemas are seen as safe, secure venues fostering independence among young people.

### *4.5 Local environmental impacts*

The local cinemas make a positive contribution to the vitality and vibrancy of town centres, encouraging the evening economy and increasing footfall. This often has a positive impact on safety and security. Most of the cinemas retain a traditional façade, creating a positive architectural ambience and providing a strong focal point in the town centres. Their presence has a positive knock-on effect for other traders in the vicinity.

### *4.6 Local economic impacts*

The case study cinemas contribute to the local economy through audience and visitor spend, the sourcing of local suppliers, and the local labour market. Cinema audiences generate money for the local economy through visits to local bars, restaurants, bakeries, food shops and take-aways as part of their cinema trip. Where the market permits, all the case study cinemas seek out local suppliers in favour of more distant alternatives. The cinemas also have a direct, albeit limited, positive impact on their local labour markets through the employment of local residents as staff. In addition, staff training and the provision of career development opportunities enrich local labour markets. Finally, association with the cinema, with its prominent local image, creates important marketing opportunities for other businesses.

For more information on the Impact of Local Cinemas project, and to download a copy of the report and a toolkit to enable other researchers to measure the impact of local cinemas, please visit [www.ukfilmcouncil.org.uk/statistics/localcinemaproject/](http://www.ukfilmcouncil.org.uk/statistics/localcinemaproject/)