

UK Film Council
Response to
Green Paper
Unlocking the potential of cultural and creative
industries

30 July 2010

Executive summary

1. 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.
2. The European Commission's Cultural and Creative Industries (CCI) policy is for effort to be put into building links between the CCIs and other social, economic and political sectors, notably education, commerce, different levels (local, regional, national and European Union wide) government, as well as with players globally.
3. The European Commission can play a lead by linking CCI policy with policies for Intellectual Property, digitisation of society, regional infrastructure, trade and external relations, competitiveness and innovation, education and heritage, not to mention social cohesion, integration and environmental sustainability.
4. As the Green Paper proposes, structural funds (funds to regions) need to be tapped to a greater extent to enable investment in CCIs. This will occur if the Commission continues to encourage member states and regions to recognise the strategic importance of CCIs, for example, through its EU2020 policy framework.
5. The theme evoked by the Green Paper of access to finance for creative industries is critical and points to the need to establish in Europe a specific investment vehicle for creative industries. In film there is considerable experience of project-financing built up by public bodies working with industry and with the financial sector, and a clear awareness of the gap between project financing and corporate financing. The UK Film Council's experience leads us to propose that new investment vehicles, that bring together certain CCI sectors in different member states would be efficient and effective. Operating in this way would also increase the spill-overs (as would the shift into people network-building – see next point).
6. As the Green Paper suggests, at the European level as at national, regional and local levels, there should be more interaction between CCIs, innovation and education clusters, associating R&D funding with funding for cultural works. This entails energy being put into building links between the CCIs, as well as with players globally. This suggests greater priority for creating networks of people in the creative and cultural sectors, with consequent benefits in terms of increased spill-over effects. This emphasis on network-building is an effective way for European initiatives to complement national and regional initiatives.
7. The key question is how to seize the opportunities presented by "going digital", as the Green Paper presents it. The UK, the UK Film Council and its partners such as the Regional Screen Agencies (RSAs), are particularly engaged in driving innovation and very interested in measures such as evolving business models which help film (and the creative industries) make a successful transition into the digital age. We do not believe that this effort can be conflated with the effort signaled by the Green Paper of improving application of ICTs to the CCIs: we see this as an effect of improving people network-building.
8. The European Commission, therefore, has a lead to play by actively linking CCI policy with policies for:

- Intellectual Property (enabling the emergence of new models, for example on-demand platforms)
 - Digitisation of society
 - Regional infrastructure
 - Trade and external relations
 - Competitiveness and innovation
 - Education and heritage
 - And, of course, social cohesion, integration and environmental sustainability.
9. When it comes to effective policy-making, policy and business practices are severely hampered by the absence of data and data-capture mechanisms particularly in relation to new services for CCIs, something noted by the KEA study on the economic impact of culture (<http://www.keanet.eu/ecoculture/studynew.pdf> and its follow-up, http://ec.europa.eu/culture/key-documents/doc/study_impact_cult_creativity_06_09.pdf) and also in the introductory section of the Green Paper. There is a crucial role for the European Commission to play here along with the Member States building on the track record of existing organizations such as the European Audio-Visual Observatory.
10. Just as the MEDIA Programme could provide a model, because of the connections it has established that range further than is the case for other European cultural programmes (for example those which have dealt with the visual and performing arts) and the way in which it balances the demands of creators, audiences, culture and commerce, the UK Film Council may provide a model for how bodies expert in the different cultural and creative industries, might evolve and might work together across Europe.

Answers to the questions posed in the consultation paper

11. *New spaces for experimentation, innovation and entrepreneurship in the cultural and creative sector*

- How to create more spaces and better support for experimentation, innovation and entrepreneurship in the CCIs? More particularly, how to increase access to ICT services in/for cultural and creative activities and improve the use of their cultural content? How could ICTs become a driver of new business models for some CCIs?

12. Answer:

The UK Film Council, the important place given by it to innovation, the creation and enhancement of entrepreneurial abilities notwithstanding, would resist the conflation of experimentation, innovation and entrepreneurship with the take-up of information and communications technologies (ICTs). Instead, we would put the emphasis on building networks between people and organizations to promote exchange and the development of confidence and trust. Confidence and trust in people precedes confidence and trust in ICTs and new business models. The extent to which people working in ICTs are familiar with and focusing on CCIs, the more likely it is that they will be offering the CCIs solutions to problems, and capabilities to apply those solutions. Therefore a key role, at the local, regional, national and European level, is to promote exchanges between those active in the CCIs, between the different activities that comprise the CCIs, and between these people and people active in ICTs.

13. *Better matching the skills needs of CCIs*

- How to foster art and design schools/business partnerships as a way to promote incubation, start-ups and entrepreneurship, as well as e-skills development?
- How could peer-coaching in the CCIs be encouraged at the level of the European Union?

14. Answer:

In the UK Film Council's view, the European Commission should put increased emphasis on knowledge transfer interventions. For some CCIs, notably architecture and the fine arts, the interchange between students and educational institutions, on the one hand, and practitioners, on the other, are part of the DNA of the sector. For other CCIs (including film), there is little or no tradition of practitioners being formally involved in the development and integration of new and emerging talent: this tends to happen through personal, often family relationships. The exchanges between people in different CCIs are generally absent and especially absent in the educational arena.

Often, of course, it is the new and emerging talent that has more to teach – and established practitioners more to learn – in relation to the development and take-up of e-skills. So perhaps it is necessary to think of the approach to be adopted here as

being a two-way street whereby practitioners engage with people in education with regard to business development, and the new and emerging talent engages with the established practitioners with regards to e-skills.

Bodies like the UK Film Council and the Regional Screen Agencies (RSAs) working alongside the educators, can play a big part in putting together practitioners and people in education (and already do, for example the VERL project, part of the North Sea Screen Programme, based in the University of Dundee).

On the European level, the experiences in one country can serve as models for other countries. Promoting this kind of exchange is exactly the way that the European Commission can add value.

15. Access to funding

- How to stimulate private investment and improve CCIs access to finance? Is there added value for financial instruments at the EU level to support and complement efforts made at national and regional levels? If yes, how?
- How to improve the investment readiness of CCI companies? Which specific measures could be taken and at which level (regional, national, European)?

16. Answer:

The UK Film Council has for long maintained that the key to developing effective financial services for the CCIs is to group together the different sectors in order to diversity the risk, to ensure that there is enough lending capacity and sufficient demand, and for the bankers to build up a thorough knowledge of the CCIs. Doing this activity on a multi-national base makes sense for the same reasons. Specialisation will occur as market circumstances permit but to develop a CCI awareness and “culture” is a necessary first step and a pre-condition for the emergence of efficient financial services for the CCI sectors.

As is currently happening with the film sector through the establishment of the MEDIA Production Guarantee Fund, using public funding to attract bankers into this area of work and assuring a sufficient level of business to warrant the effort and investment the bankers will have to make, is a model that should be extended to other CCIs in which the disciplines of valuing creative potential and IP are as important as they are in film. The UK Film Council, however, has long argued that the CCIs have access not just to project finance (such as the MEDIA Production Guarantee Fund will facilitate) but also to corporate finance: engaging with enterprises whose main asset is intellectual property is something with which banks have always had difficulty and for which they will benefit from public support both as regards diminishing risk and the development of sectoral know-how.

Improving the investment readiness of CCIs is the result of an active exchange between bankers and CCIs so that people get to know, have confidence and trust each other. Measures need to be taken at regional, national and European levels at which the strengths and weaknesses (e.g. the size of the undertakings, on the one hand, and the proximity of business and bank, on the other) need to be balanced

and reconciled. The challenge is always to match talent and opportunity, and the bigger the canvas, the greater the likelihood of that matching taking place. The Commission can speed up the development. Identification and dissemination of best practice in this area of work, notably by making possible communication between levels and areas of policy-making.

Local and regional development as a launch-pad for global success

17. Local and regional dimension

- How to strengthen the integration of CCIs into strategic regional/local development? Which tools and which partnerships are needed for an integrated approach?

18. Answer:

If CCIs are seen by national and regional governments as an effective target for intervention – which is not only about where to put in money but mainly about where to focus human resources, integration will automatically follow. The tools are essentially those which lead to active people-networks and the partnerships are one in which the sharing of risk is real and the sharing of success and benefits is also real.

However, this work requires investment, to build up infrastructure and expertise rather than cutbacks as a result of which agencies will seek to narrow the scope of their activities and restrict their reach when market conditions call for agencies to go in the opposite direction, for example, to build up awareness of challenges and obstacles which their own sector shares with other sectors (e.g. experiences and opportunities shared by music, theatre, visual arts and film).

19. Mobility and the circulation of cultural and creative works

- What new instruments should be mobilised to promote cultural diversity through the mobility of cultural and creative works, artists and cultural practitioners within the European Union and beyond? To which extent could virtual mobility and online access contribute to these objectives?

20. Answer:

For film, festivals and markets which provide opportunities for film producers, in particular, to meet with their peers, buyers and audiences from different regions and countries, are an integral and essential part of the business; for other sectors this may be less the case. Even in film, opportunities for other participants, such as writers, cinematographers, composers, may be fewer than the opportunities for producers, and using public resources to enhance exchanges throughout the value chain and between different kinds of contributors, would undoubtedly yield benefits in terms of exchange and enhancement of know-how, promotion and marketing of work. Other CCIs are quite rightly envious of film producers for the level of support and encouragement they receive to take part in festivals and markets.

Virtual mobility and online access are important complements to actual mobility and face-to-face exchanges. There is a question of their effectiveness if they are not associated with physical mobility and exchanges. Therefore virtual mobility of online access need to be built into programmes and initiatives to encourage exchanges between artists and cultural workers; they are poor as a substitute for physical mobility and exchanges.

21. Cultural exchanges and international trade

- Which tools should be foreseen or reinforced at EU level to promote cooperation, exchanges and trade between the EU CCI and third countries?

22. Answer:

As set out in the previous answer, the film sector is a good example of the benefits, at a global level, of exchanges and trade between EU CCIs and third countries. The tools that operate are constantly being enhanced by the provision of improved on-line information about markets in different parts of the world; supporting the provision of such information should be a high priority at the EU level since the economies of scale and scope associated with these efforts are considerable (e.g. the information a Czech person or company would like to have about India is likely to be very similar to the information sought by a Portuguese or a Danish person).

23. Towards a creative economy: the spill-overs of CCIs

- How to accelerate the spill-over effects of CCIs on other industries and society at large?
- How can effective mechanisms for such knowledge diffusion be developed and implemented?
- How can "creative partnerships" be promoted between CCIs and education institutions / businesses / administrations?
- How to support the better use of existing intermediaries and the development of a variety of intermediaries acting as an interface between artistic and creative communities and CCIs on the one hand, and education institutions / businesses and administrations, on the other hand?

24. Answer:

The more vital a country's or region's CCIs, the greater the spill-over effects. Vitality is characterised by the quality and effectiveness of promotional and marketing activities, engagement with education and engagement with government. Therefore a more vital CCI sector will have more and more active "creative partnerships" and more effective intermediaries.

An issue has to be how real the "CCI" label is: what are the exchanges between different cultural and creative sectors? Do they really operate, in their dealings with government and education, in a co-coordinated, mutually reinforcing way or are they often in competition with one another to attract attention or support. For example, in the UK as in some other EU countries, the "fashion industry" has been very effective in raising its political profile, often developing links with other CCIs, notably with music and fine art, but there has been less interface, perhaps, between fashion and some other CCIs. It is doubtful that anything can be done to remedy this which will often be a product of personal relationships and there is bound to be a degree of imbalance, but an awareness on the part of policymakers of the importance of encouraging and recognising the emergence of these exchanges and of ensuing co-operation undoubtedly leads to an environment in which spill-over effects, knowledge diffusion, creative partnerships and the emergence of effective intermediation become more widespread and important.

It is worth noting that a study on the contribution of culture to regional development reconfirms that the majority of ERDF funding goes to large-scale transport projects (28%) and technologically-oriented R&D and innovation projects (24%). While these expenses are certainly important one could argue that a larger share should be contributed to culture (2.2 %) and the information society (5,6% - those 5,6% include digital infrastructure investments).

To a greater or lesser extent in all Member States, regional and national policy makers that are responsible for drawing up the planning documents for ERDF need to develop a better understanding of the social and economic contributions of the CCIs.

In this context the focus of policy-oriented schemes such as Interreg have a considerable role to play to raise awareness about CCIs.

EC central funding mechanisms should also reflect the message of the Green Paper: To better equip creative SMEs to innovate, Europe's research and innovation programmes (FP8 ICT strands/ CIP ICT PSP strands/ etc.) and their guidelines should be adapted to better facilitate the inclusion of creative SMEs in research and innovation processes (a creative content quota in the ICT Networked Electronic Media strand is long due!)

The Green Paper rightfully focuses on how the creative industries can make use of ICTs to innovate. However, it does not look into the challenge of how creation and investments into creation can be rewarded in the future and would benefit from addressing the issue of copyright and related rights (including enforcement and rights management) in more detail.

25. Lessons of the MEDIA Programme

The MEDIA Programme, with more than two decades of history and development, could be the template for the Commission's intervention in the CCIs, not least in terms of accountability, governance and operation. The MEDIA programme has also had a major influence on film funding in member states and in regions: it led the way in conceiving and pushing support for project development and for film distribution, and in addressing new kinds of content (notably video games) and platforms (notably video on demand). The challenges faced at a national level in relation to archives, audiovisual heritage and media literacy, could be eased if the MEDIA Programme (which has concentrated on *new films*) had a responsibility for these areas.

The MEDIA Programme might also, therefore, constitute a model of intervention in a joined-up CCI context, for example, bridging the gap between the "commercial", "entrepreneurial" sectors and the "non-profit-making sectors", between different cultural and creative sectors (the MEDIA Programme already does this to a degree between film and television, between film and non-linear content and consumption, between development (both projects and companies), production, distribution, exhibition, promotion and education, between *new films* and audiovisual heritage, between skills training and the operation of firms and markets.