



**DCMS CONSULTATION ON THE EUROPEAN COMMISSION'S PROPOSAL FOR  
A CREATIVE EUROPE PROGRAMME**

**RESPONSE FROM THE BRITISH SCREEN ADVISORY COUNCIL**

**2 March 2012**

**Key Recommendations**

- **Safeguard the autonomy of the Media programme within the new Creative Europe framework, including retaining expertise and a separate budget.**
- **The implementation and operation of the Creative Europe programme should be careful not to conflate too closely sectors with profoundly different business models – a one size fits all proposition is unlikely to work.**
- **There is not sufficient detail in the proposal for the new financial facility to accurately assess the benefits it could provide.**
- **Further in-depth consultation, especially with investors, is needed before the implementation of the financial facility.**

**Introduction**

The statements contained in this report represent the views of the Members of the British Screen Advisory Council (BSAC) regarding the European Commission's proposal for a Creative Europe programme. BSAC has contributed to many of the debates in Europe on film policy and the creative industries. BSAC uniquely brings together business leaders representing all aspects of the audiovisual value chain in the UK, including a wide range of

film industry expertise.<sup>1</sup> We regularly respond to UK Government and European Commission consultations on a range of issues concerning the audiovisual sector. Concerning the European Commission's policy towards supporting the creative industries, we most recently provided a response to the European Commission consultation on the design of a new MEDIA programme in November 2010.<sup>2</sup>

BSAC warmly welcomes the proposal to safeguard the Media programme within a new Creative Europe framework. The continuation of the current support streams under the MEDIA programme, for example, support for development of films and genre works such as animation and documentaries, and distribution, as well as the broadening of support to include new media such as video games and to meet training needs related to new technologies and business models, will be beneficial for the UK audiovisual sector.

Bringing the Culture, MEDIA and MEDIA Mundus programmes together under one framework structure, taking into account convergence between the sectors involved, should enable greater innovation and business model experimentation. However, the Commission should be careful not to conflate the cultural and creative sectors (CCS) too closely, as they operate differently and are subject to different commercial challenges. For this reason, we recommend that the Culture and Media strands operate autonomously with separate budgets within the overall framework structure.

It is important to acknowledge the tension between the objective to further cultural diversity and the objective to further competitiveness at the centre of the proposal. For example, the proposed financial facility will attempt to leverage private finance in order to strengthen the financial capacity of the cultural and creative sectors, and presumably build more businesses of scale, which is antithetical to the objective of furthering cultural diversity. The interaction between the cultural and industrial objectives of the programme will need to be understood in order for it to be successfully implemented, and to allow for the measurement of its success.

In order to provide a detailed assessment of the proposed new financial facility, more information is necessary on how the facility would operate, how funds would be distributed, and how beneficiaries would be selected. We recommend that in-depth consultation with relevant stakeholders take place before the proposal is implemented, particularly with investors, whose viewpoint does not seem to have been adequately represented in the proposal so far.

In the context of the current economic climate and considering the scale at which the programme operates, the Commission should focus on the key objectives within the Culture, Media and cross-sectoral support strands. Funds should be directed to where they will have

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<sup>1</sup> See BSAC's Membership at <http://www.bsac.uk.com/membership-list.html>

<sup>2</sup> See BSAC paper at [http://www.bsac.uk.com/files/bsac\\_response\\_to\\_media\\_programme\\_consultation.pdf](http://www.bsac.uk.com/files/bsac_response_to_media_programme_consultation.pdf)

the maximum impact, rather than creating new objectives and support measures which may water down the effect of funds across the board.

### *General*

- 1. What benefit has the current Culture/MEDIA/MEDIA Mundus programme brought to your organisation/sector?**
- 2. Is there still a need for EU action in the cultural and creative sectors? If so, why?**
- 3. What would be the impact if there were no EU programmes for the cultural and creative sectors?**

The MEDIA programme has had positive effects across the value chain for film over the last 20 years. In the current harsh economic climate and at a time of rapid changes impacting on the film value chain and hence, on investment options and revenue generation, additional investment in film, complementary to that provided by national Government, is extremely helpful to the UK industry. Investment by the MEDIA programme has had a significant effect on the development of UK independent films and their distribution and exhibition across Europe. In 2010, 85 UK companies received €8.7 million of direct funding. A further €6.7 million was awarded to European distributors to release 50 British films, such as *The King's Speech* which was awarded €462,500 by MEDIA to be released in 18 EU countries enabling it to reach a larger audience in Europe.<sup>3</sup> Help with the cost of financing production has also been beneficial for UK independent film and TV production. The global recession, which has led to a drop off in debt finance available for independent film companies, and the general decline in presales over the last decade or so, has meant that the cost of financing production has become greater, so any funding from the EU to relieve this is extremely helpful.

One of the primary aims of the MEDIA programme is to strengthen the competitiveness of the European audiovisual sector. It has worked towards achieving this in a number of ways. Funding awards to independent distributors have allowed them to acquire more non-national films and increase P&A spend, meaning films reach a broader audience and independent distributors can build their businesses. Funding for development has been important for independent production in the UK, our Members regard it as 'lifeblood funding for cultural film, and therefore, essential to the industry'.<sup>4</sup> The UK industry has also benefited from funding for training initiatives encouraging exchange and cooperation between educational and training organisations, and support for international training programmes such as the National Film & Television School's Inside Pictures 2011, which received €212,716 of funding in 2010. This cooperation helps professionals to acquire qualifications and skills and to benefit from cross-border networking opportunities.

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<sup>3</sup> Media in the UK 2010, Media Desk UK publication

<sup>4</sup> See footnote 2, p2

The recent report ‘A Future for British Film: It Begins with the Audience’ produced by Lord Chris Smith as part of the Film Policy Review points to ‘growing and developing the overall audience for film in the UK’ as a key policy objective for the UK Government. The Report also highlights that UK audiences have access to ‘too few films from the rest of the world’.<sup>5</sup> The best way to grow audiences for UK films outside of the UK and for foreign films within the UK is through a programme of action at EU level. One of the key objectives of the current MEDIA programme is to increase the circulation of European audiovisual works inside and outside the European Union. MEDIA support through the distribution action line over the 20 years since MEDIA’s inception has had a marked effect on growing audiences for European films. An evaluation of the success of the MEDIA programme found that ‘50% of European films released outside of their national territory cross borders thanks to MEDIA support.’<sup>6</sup> MEDIA support for exhibition through the Europa cinemas network has also helped to grow audiences for non-national European films. ‘Admissions to Europa cinemas in 2009 represented 5.6% of total admissions in Europe, up from 2.8% in 2000’.<sup>7</sup> The continuation of EU funding to increase the circulation of European audiovisual works will help to build on the success of the MEDIA programme and will help to grow audiences for UK independent films abroad as well as audiences for non-national films in the UK.

A pan-European policy is essential in order to build and maintain a strong and diverse European audiovisual industry. If EU programmes for the CCS were scrapped, it would be more difficult to develop, distribute and exhibit/broadcast European works. Also, opportunities for the cross-fertilisation of ideas, talent and skills from one national industry to another would be lost, which would have a negative impact on creative excellence and diversity of content within national industries. UK investment into the MEDIA programme has tangible benefits for independent companies in the UK. Evidence suggests that there is ‘a strong knock-on effect in terms of investment in the audiovisual sector’ by the MEDIA programme, ‘every €1 invested generates about €6 in private investment from industry’.<sup>8</sup> The effect of funding being withdrawn would therefore have a much wider negative impact on individual businesses and the industry as a whole than simply losing the amount that MEDIA invests directly.

It is for the above reasons that BSAC welcomes the Commission’s acknowledgement that the CCS should remain an essential element of the next financial package for 2014-2020 by allocating a proposed budget of €1.8 billion to the new Creative Europe programme, including €900 million for the MEDIA strand. This represents a modest increase on the current budget for MEDIA (€755 million), along with additional funding for a new financial facility.

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<sup>5</sup> ‘A Future for British Film: It begins with the audience’ Film Policy Review report from Lord Smith, p11

<sup>6</sup> ‘Commission Working Staff Paper: Impact Assessment’ an accompanying document to the Communication from the Commission on establishing a Creative Europe Framework Programme, p64-65.

<sup>7</sup> Ibid, p65.

<sup>8</sup> See [http://ec.europa.eu/culture/media/programme/docs/overview/media\\_info\\_en.pdf](http://ec.europa.eu/culture/media/programme/docs/overview/media_info_en.pdf)

- 4. Do you agree that the three current programmes should be replaced by a single programme with separate Cross-sectoral, Culture and Media strands? What do you see as the benefits and/or disadvantages of this approach?**
  
- 5. Does the proposed programme provide an appropriate framework for the kind of actions which would most benefit your organisation/sector and add value? If not, how should the framework be changed in order to maximise the benefits and added value?**

BSAC notes that the EU Communication on Creative Europe takes account of the opportunities and challenges facing the CCS going forward, including access to finance, and issues arising from the shift to digital, globalisation and market fragmentation. Redesigning EU support for the CCS based on an appraisal of the economic and business realities which these sectors face should have positive effects for the targeting of support and the results of the new programme. The impact assessment highlights the possibility for ‘greater policy synergies’ which will result from considering CCS collectively.<sup>9</sup> The convergence of the CCS due to the digital revolution means that it is increasingly unhelpful to consider policy relating to them in ‘silos’. Policy initiatives should take account of creative cross-fertilisation between sectors, and the increasingly porous boundaries between one type of content and another, the result of technological developments. We hope that one of the benefits of merging the current programmes will be that projects involving elements of both the cultural and audiovisual sectors which previously may not have fitted the criteria of either programme may now be supported.

The administrative simplification which the Creative Europe proposal enables should have positive impacts including cost savings so that more money can go directly into funding projects. However, there will also be an associated cost to creating the new framework structure which should be factored in when considering the efficiency savings that the proposal will make. BSAC welcomes the explicit acknowledgement that merging the three programmes will ‘reduce the administrative burden on applicants’.<sup>10</sup> We previously asserted that the labour intensive nature of the current application process was a significant burden on small businesses and acted as a disincentive to apply.<sup>11</sup> However, we are concerned by the suggestion that operational simplifications to improve efficiency will include ‘removing comitology on all selection results’.<sup>12</sup> We would argue that the Committee charged with the administration of the programme should become more, not less, involved in the decision-making process for project awards as well as the policy aspects of the programme. It is crucial that award decisions are made by individuals with extensive experience and knowledge of the industry. This would result in the programme’s closer alignment with

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<sup>9</sup> See footnote 6, p102

<sup>10</sup> Ibid, p94

<sup>11</sup> See footnote 2, p2

<sup>12</sup> See footnote 6, p94

industry. Removing the responsibility for decision-making from the Committee would make the process less transparent, which would have a negative impact on the ability of applicants to predict in advance whether they are likely to be successful.

The introduction of a cross-sectoral strand including a new financial facility, in the form of a debt instrument operating alongside European financial institutions to provide loans for SMEs, and support for transnational policy co-operation should be beneficial. As discussed in more detail below, access to finance is a particular problem for small businesses operating within the CCS. Support under the cross-sectoral strand for data collection and analysis across the CCS to improve the evidence-base for policy-making at EU level will be extremely beneficial to future iterations of support programmes.

The implementation of the proposal should be careful not to conflate too closely industries with diverse business models which operate differently, even though they may face some of the same broad issues resulting from the digital revolution and global recession. In reality, there is currently very little overlap between beneficiaries of Culture support and beneficiaries of MEDIA support, so the implementation of one brand and one point of access may have limited benefits. Over the 20 years that it has been running, the MEDIA programme has established a successful brand, there is arguably a ‘MEDIA quality label’ attached to projects that the programme has supported.<sup>13</sup> The Commission should be careful that this is maintained within the new structure. BSAC recommends that the autonomy of each strand is maintained within the new overall structure of Creative Europe and that the expertise which has been built up within each strand is safeguarded. BSAC welcomes the statement in the Communication that ‘to be effective, the programme should take account of the specific nature of sub-sectors, their different target groups and their particular needs through tailor-made approaches within independent strands’.<sup>14</sup> This should also be borne in mind in the application of the proposed financial facility as different sub-sectors are subject to many commercial differentiators, especially in terms of investor risk. The Commission should also be aware that to invest in these markets requires a high degree of specialist knowledge which is scarce. This will have implications for the implementation of the facility.

### *European added value (Article 3)*

#### **6. Does the proposal identify the right means of ensuring added value? Are there any others that should be added?**

As outlined above in the answer to question 1, 2 and 3, a pan-European policy for European works which provides support for actions complementary to that of national governments is highly desirable. In the past, the MEDIA programme has provided added value to national government support, generally production focused, by concentrating on training and

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<sup>13</sup> Ibid, p78

<sup>14</sup> Communication on establishing the Creative Europe Programme COM(2011)785, p11

development, and the promotion, distribution and exhibition of non-national works across Europe. The Commission considers that a 'MEDIA quality label' has emerged over the lifetime of the initiative, which has leveraged additional sources of finance from national, regional and private sources.<sup>15</sup>

BSAC believes that the Creative Europe proposal would build on this as improved opportunities for the international and cross-sectoral exchange of knowledge and learning which will result from the merging of the current programmes may create new opportunities for innovation and business model experimentation. Opportunities for greater evidence based policy making resulting from in-depth analysis of policy results across the CCS may also emerge. It is to be hoped that EU action on access to finance through the proposed financial instrument will provide added value as it should have the critical mass to attract interest and commitment from financial institutions across Europe on a scale that it would be harder for a national government to achieve.

*Programme objectives (Articles 4-5)*

**7. Does the proposal identify the right general objectives for the programme? Are there any others that should be added?**

BSAC notes the general objectives for the programme, to safeguard and promote European cultural and linguistic diversity and, to strengthen the competitiveness of the sector. We believe that these are the correct objectives as they focus on how the EU can add value in terms of culture and industrial strength. These objectives are inextricably linked, as furthering the competitiveness of the CCS will inevitably impact on their contribution to the cultural fabric of the EU. However, we would urge the Commission to acknowledge the tension between cultural and commercial objectives, as a commitment to diversity impacts on the ability of creative businesses to achieve scale. The contribution of Creative Europe to the Europe 2020 objectives of driving growth and jobs must be based on the objective to further competitiveness. However, the success of a creative or cultural product is linked to its cultural value.

**8. Does the proposal identify the right specific objectives for the programme? Are there any others that should be added?**

BSAC believes that the specific objectives for the programme are correct. The objectives touch on key challenges and opportunities for the CCS in the future including access to finance in order to build more sustainable businesses, and broadening reach to emerging markets outside of Europe. As well as promoting the transnational circulation of European works and supporting the capacity of the sector to operate transnationally, we are especially pleased to see emphasis put on the need for transnational policy cooperation. We would not

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<sup>15</sup> See footnote 6, p78

advocate adding further objectives, as with limited funds available across wide ranging sectors, funding should be focused on a small number of key objectives.

*Cross-sectoral strand (Articles 7-8)*

- 9. Do you agree with the proposal for a new financial facility for small and medium-sized enterprises and organisations in the cultural and creative sectors?**
- 10. What would be the benefit of such a financial facility to your organisation/sector?**

BSAC welcomes the acknowledgement by the Commission that cultural and creative SMEs face particular problems in respect of access to finance due to the intangible nature of their assets and the project-based manner in which they operate. These problems have been compounded by the global recession which has seen many sources of private finance dry up. This has meant that it is much harder for cultural and creative SMEs to retain ownership of their IP and to achieve scale. In our response to the consultation on the future of the MEDIA programme in November 2010, BSAC argued that a European Guarantee Fund to guarantee bank loans to European production companies would have an effect on the competitiveness of the audiovisual sector in Europe as it would give production companies more control over financial negotiations and help avoid complex, multi-party finance structures. The introduction of the MEDIA Production Guarantee Fund which opened to applications in May 2011 has facilitated access to private sources of finance for producers via a guarantee mechanism; the EU contribution of €2 million has so far generated loans to film producers worth €18 million. Although, the Commission acknowledges that it is too early to draw conclusions concerning the success of the scheme in strengthening the production sector.

The new financial instrument proposed as part of Creative Europe would represent an increase in size and scope compared to the current Production Guarantee Fund, and would apply not only to film production companies but to all eligible cultural and creative SMEs across the value chain. It would also provide financial intermediaries with additional expertise and the capacity to evaluate risk concerning these sectors. The facility should improve the use of EU funds as more actions which were previously funded through grants will come under the scope of the financial instrument, for example, funding for independent game developers, or loans to exhibitors for the digitisation of cinemas. This should improve the efficiency and impact of EU funds by leveraging more private finance. EU funds will only be paid out to financial intermediaries up to 70% of the loan value when the beneficiary has defaulted. In the current economic climate, with the resulting pressure on national and European budget lines for financial support, moving to a more self-sustaining model of support is sensible. However, encouraging financial institutions to provide loans against guarantees in order to increase lending is likely to lead to increased losses. More information on how the Commission proposes to distribute the funds and what criteria will be used to decide when to provide guarantees would be useful. If there is no interface between the



Commission and the end user, there is a danger that responsibility for decision making concerning whether loans should be granted for particular SME's will be lost. Although the scale of the facility may prohibit such an approach, granting guarantees to loans automatically based on fixed broad criteria may lead to a higher default rate than expected and may have less of an impact on furthering the competitiveness of the sector than a more focused approach.

In our response to the EU Green Paper 'Unlocking the Potential of Creative and Cultural Industries', BSAC highlighted the fact that 'one of the keys to improving access to finance for the CCIs is the difficulty of valuing intangible assets such as copyright. We would therefore welcome any measures that might progress a greater understanding about copyright and how to value it amongst both the CCIs and those in the financial sector.'<sup>16</sup> The provision of additional expertise and capacity to evaluate risk associated with operators in the cultural and creative sectors to financial intermediaries should be valuable in helping to facilitate access to finance for SMEs in these sectors in the future. However, more information would be useful in terms of how this expertise will be provided and which financial intermediaries the Commission has in mind as the perspectives of private and independent investors in the sector seem to be relatively absent from the analysis.

**11. Would such a financial facility be of greater benefit to some sub-sectors than others? If so, which sub-sectors would be likely to benefit more from the facility and which less, and why?**

It is important for the Commission to acknowledge that within the CCS, and within the audiovisual industry itself, different types of businesses are subject to different levels of investor risk. This must be taken into account in the implementation and operation of the facility. It may be that the application of the financial facility to the audiovisual sector will have a greater impact on the sustainability of that sector and the success of SMEs, than it would have for the cultural sector. As the cultural sector is an area of strong subsidiarity on a national level, businesses may be less investment ready and less industrially focused. Up until now furthering the competitiveness of the sector has not been an explicit objective of the Culture programme. The MEDIA programme has always had a strong industrial focus, which should be continued under the new framework structure, and in the operation of the financial facility.

**12. Is there a risk that such a financial facility could create market distortions? If so, why, and how could the impact on the market be mitigated?**

It is unlikely that the financial facility will create a significant market distortion due to the relative size of the support, €210m over 7 years, compared to, for example, the size of the UK creative economy, over £60bn in total revenues per annum. The facility could theoretically

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<sup>16</sup> BSAC response to the EC Green Paper 'Unlocking the Potential of the Cultural and Creative Industries', p4

have a distorting effect in some smaller creative economies depending on the distribution of funds, but not in larger ones, especially given the scale of the unmet need for funding and widespread absence of private sector alternatives.

**13. What level/proportion of the financial allocation for the programme should be allocated to such a financial facility?**

It is difficult to predict what financial allocation will be needed to produce the desired effect on the strength of the CCS. There is too little information on how funds will be distributed geographically and across sectors to allow for an analysis concerning the necessary financial allocation. There is also a shortage of evidence as to the effects of such a financial instrument in this sector as the MEDIA Production Guarantee Fund has only been in operation since May 2011, so no detailed analysis is available, and in any case, it operates on a far smaller scale. However, if the facility is to operate across sectors and across the value chain, it will need to provide guarantees for loans to a very large number of SMEs in order to have a tangible impact on the competitiveness of the sector. As indicated in the Impact Assessment, the Guarantee Fund will have to be capped in order for the European Investment Fund to agree to share the risk and keep the fees for guarantees low, enabling a larger number of companies to receive loans. It is estimated that €210m of EU investment will enable businesses to access up to €1bn in bank loans over 30,000 individual transactions covering between 20 and 35% of the estimated total financial gap in the sector.<sup>17</sup>

**14. Do you agree with the proposed support measures for transnational co-operation? Are there any other measures which should be included?**

As outlined above, a coherent policy for the support of the CCS on a European level is highly desirable. BSAC therefore, supports action to facilitate transnational cooperation. The transnational and cross-sectoral exchange of information and experience relating to innovation and experimentation in new business models is vital to helping the CCS sustain and build their businesses in the digital age. However, this support measure should not only relate to cultural operators and policy makers, the audiovisual sector shares the same challenges. Lord Smith's 'A Future for British Film' report states 'As is the case with the wider arts and cultural sector, there is a pressing need for a structured exploration of how film businesses can use digital technologies to deepen audience engagement and create new revenue models. The uncertainty surrounding issues such as audiences' preferences, their willingness to pay, and intellectual property rights are inhibiting the development of new

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<sup>17</sup> See footnote 6, p151-2

business models across the British film industry.’<sup>18</sup> It is therefore essential that creative operators and policymakers are also taken into account in terms of this support measure.

BSAC also welcomes the acknowledgement that the CCS is in need of better market data on which to base policy and business decisions. We urge the Commission to make the data which is collected available not just to policymakers at European level, but to businesses across Europe and to national policymakers. Transparency in the setting of priorities for the transnational policy cooperation work stream will enable national governments and organisations to work with the EU so that projects can be coordinated and bring added value to national initiatives.

**15. Do you agree with the proposed tasks of the Creative Europe Desks’ network?  
Are there any other tasks which should be included?**

BSAC notes that there is little detail available about how the network of Creative Europe desks will be implemented and how upheaval for beneficiaries of the Culture and MEDIA strand will be minimised. The Commission should be mindful of the way in which the current structure is rooted within the context of national industries, for example, MEDIA Desk UK is located at the BFI, the lead body for film in the UK. Cutting these ties by implementing a new network of desks could have negative impacts on the visibility of the scheme and its relationship with industry. The communication of these changes must make clear that the expertise that has been built up within the separate Cultural Contact Points and MEDIA Desks will be retained. The proposed tasks of the Creative Europe desks’ network, to provide information on available support and communicate the results of the programme, are obviously vital in establishing a link between the programme and the CCS in each Member State. As neither the MEDIA desks nor the Cultural Contact Points will have expertise on the new financial facility, staff will need to be well briefed by the Commission and/or European Investment Fund in order to communicate information. The task of assisting the Commission with the provision of data on CCS appears to complement the objectives of the overall programme and chimes with the recommendation on the MEDIA Desks in the Interim Evaluation of the MEDIA programme 2007-13, for ‘the creation of a collaborative platform where the MEDIA Desks and antennae share the knowledge of their national and local markets’<sup>19</sup>. However, depending on the level of detail and volume of data required, it may be necessary to provide the Creative Europe Desks with the power to demand data from beneficiaries of funding; otherwise this task is likely to be difficult.

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<sup>18</sup> See footnote 5, p20

<sup>19</sup> ‘Interim Evaluation of MEDIA 2007’, p103

*Culture strand (Articles 9-10)*

**16. Does the proposal identify the right priorities for the culture strand? Are there any others that should be added?**

**17. Does the proposal identify the right support measures for the culture strand? Are there any others that should be added?**

We do not have a view.

*Media strand (Articles 11-12)*

**18. Does the proposal identify the right priorities for the media strand? Are there any others that should be added?**

BSAC welcomes the detailed priorities for the MEDIA strand under the Creative Europe proposal in reinforcing the sector's capacity, and promoting transnational circulation. In contrast to the priorities for MEDIA 2007-2013, which were more general, the priorities set out under this proposal should encourage a more in-depth evaluation of the success of the programme going forward. The priorities reference support provided across the value chain from support for the acquisition of skills and training, and the development of works, to access to markets, promotion, distribution and exhibition. The focus on facilitating European and international co-productions including with TV broadcasters will be positive for the UK as the level of co-productions has fallen significantly since 2006 as a result of the rules for accessing the Film Tax Credit. However, there should be greater emphasis on the importance of promoting the circulation of European works in emerging international markets. The Commission should be careful that this objective is not lost when the Media Mundus programme ceases to exist.

The emphasis on supporting the use of digital technologies across the value chain in the development of new business models is an important addition to the priorities of the MEDIA strand. BSAC previously recommended that more emphasis be put on supporting the use of digital technologies for example, through increased support for the cost of digital master copies for independent distributors.

**19. Does the proposal identify the right support measures for the media strand? Are there any others that should be added?**

BSAC notes that many of the support measures under the media strand remain unchanged or similar to the measures supported under the old MEDIA programme. This should provide a level of stability for beneficiaries, which is to be welcomed.

Under the support measure for the development of skills, the inclusion of support for ‘new needs related to management and finance, new technologies, new business models and marketing’<sup>20</sup> will be beneficial as the increasing pace of technological change and resulting changing industry practices impact on the skills needs of the sector. Training of new entrants and professionals must keep pace with these changes in order to strengthen the competitiveness of the sector.

BSAC notes that development support for single projects will be partially phased out for countries of high production capacity and partially replaced by more slate funding. This is likely to be a more secure investment for the Commission as if a company has been judged to have the capacity to produce a slate of projects, they are more likely to be successful than a company with the capacity to produce only single projects. However, the Commission should be mindful that even in countries of high production capacity, there is still an overwhelming predominance of small production companies which do not have the capacity to produce slate projects, and which this decision may damage. It should be a priority of the implementation of the new financial instrument that it helps to facilitate access to finance for the development of single projects, as is the Commission’s stated intention.

The proposed support measures under the Media strand place more focus on new technology. BSAC welcomes the new video games action line which will support both the development of self-standing video games and those related to audiovisual works. In our response to the Commission’s ‘Future of the MEDIA Programme’ consultation, we argued that only supporting interactive works which were accompanied by an audiovisual work did not sufficiently encourage innovation in this area and suggested that video games on their own were not worthy of support. The focus on mobile and online platforms as the means of distribution is correct as these sectors are rapidly growing.

BSAC notes that a separate action line has been added to support online and mobile distribution platforms of audiovisual works in general. Although it is important to support the transnational circulation of European works across developing platforms such as online and mobile, this is already a crowded marketplace. Investment may better be made in encouraging established players to offer a broader range of European product than in funding start-ups which are likely to struggle to attract a significant share of the market. The Commission should be wary of creating new support action lines as spreading funds more thinly will reduce their impact across the piste.

Encouraging co-productions with non-European countries and therefore, opening up international markets should be one of the priorities of the Media strand, however, the size of the total budget allocated to the international co-production support line, £15m over 2014-2020, suggests that it will have a very limited impact. In order for this action line to have a

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<sup>20</sup> See footnote 6, p96

significant effect in the market and to help to open up large emerging international markets such as Brazil, China and India, more money needs to be invested. Given that MEDIA Mundus will cease to exist under the new programme, more emphasis should be given under the Media support measures generally, e.g. the distribution, sales agent and promotion measures, to encouraging the circulation of European works globally.

BSAC supports the refocusing of the TV broadcasting support measure. Targeting support for animation and documentaries provides added value as these are areas where it is particularly difficult to finance development. We also support the attempt to increase the share of the market for European fiction programmes compared to US series by focusing funds on the development and production of a small number of high-quality TV series.

Distribution support is a great help to independent distributors operating in a difficult marketplace. Whilst the automatic support scheme is helpful for distributors and will cover more releases than the selective scheme, as BSAC has previously asserted, the burden of information gathering by independent distributors on the number of cinema admissions for a particular film in a given year in order to access automatic support is substantial. We hope that the Commission will consider accepting statistics from reliable data sources in order to relieve the burden on independent distributors and to allow for greater efficiency in the administration of the programme.

Support for the Europa cinema network helps to significantly increase the exhibition of non-national films and should be maintained as the Commission suggests.

The continuation of support for festivals showing a minimum number of European films and for promotion at international markets will be beneficial for promoting the transnational circulation of European works. However, BSAC would like to reiterate our recommendation that the percentage minimum quota of non-national programming in order for festivals to access support be lowered for high production capacity countries such as the UK, as the current 70% quota is unrealistic for many UK festivals. Lowering the quota and therefore providing support to more festivals in high production capacity countries would place those festivals under an obligation to show non-national European product which they are currently not.<sup>21</sup> This would help to build an audience for non-national films in the UK, an objective identified in Lord Smith's 'A Future for British Film' report.

BSAC welcomes the Commission's emphasis on the importance of support measures for sales agents in encouraging the transnational circulation of works. However, by only concentrating on the 'few key players in the market with sufficient global reach'<sup>22</sup> smaller companies for whom funding would have a more significant impact will be cut out. The few

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<sup>21</sup> See footnote 2, p5

<sup>22</sup> See footnote 6, p100

key players in the market which the automatic measure would support are often integrated into larger media companies and would not be significantly disadvantaged by a recalibration of the scheme. As we have previously argued, rebalancing the criteria so that a greater number of sales agents benefit from the scheme would have a positive impact on diversity and pluralism within the market.<sup>23</sup>

*Monitoring and evaluation (Article 14)*

**20. Will the proposed monitoring and evaluation measures be sufficient to measure the overall impact of the programme and the European added value? If not, how could they be improved?**

**21. Are the proposed indicators appropriate for monitoring and evaluating the programme? Are they sufficiently SMART (Specific, Measurable, Achievable, Realistic, Time-bound)? Are there any others that should be used?**

Monitoring and evaluation of the general objectives of the Creative Europe programme through assessing the sectors' share of employment and GDP as well as the percentage of people reporting that they access European works will provide a broad overview of the health of the sector. However, there are so many unknown factors which could impact on these measurements, that it will be difficult to distinguish the impact of EU action from other economic and structural changes. It is therefore to be welcomed that monitoring and evaluation of the programme is also broken down for the various strands. The success of Media support strands in increasing the transnational circulation of works will be measured by the number of admissions for European films in Europe and worldwide, and the percentage of European audiovisual works in cinemas, TV and digital platforms. This represents an improvement on previous measurements of the success of the scheme as it takes into account the circulation of European works across platforms. However, where possible, we would like to see the Commission go further in collecting and aggregating information on projects that were the beneficiary of funding at a greater level of granularity. This would allow an evaluation of the success of each support measure and help to inform future iterations of the programme. It would also be very useful for businesses if made publicly available. This should be enabled by the article on communication and dissemination that states 'beneficiaries of the projects supported by the programme shall ensure communication and dissemination of information concerning the Union's funding they have received and the results obtained.'<sup>24</sup> The success of the financial facility will be measured by the volume of loans granted, the number and geographical spread of financial institutions providing access to finance for the CCS, and the number, national origin and sub-sectors of final beneficiaries.

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<sup>23</sup> See footnote 2, p4

<sup>24</sup> See footnote 14, p20

We would add that measuring the number of beneficiaries that default on loans should be an essential indicator of the impact of the scheme.

*Third countries (Article 16)*

**22. Is it appropriate to allow access to the programme to non-EU countries on the terms set out in this Article?**

The terms of access for non-EU countries are appropriate and do not represent a significant departure from previous policy in this area. Non-EU countries are required to pay contributions to the programme so that other contributors do not suffer. Widening the pool of countries which access the programme is beneficial for existing contributors as it opens up new markets for the circulation of EU works and encourages more works from non-EU countries to be circulated in EU countries.

*Financial provisions*

**23. How should the financial allocation for the programme be divided between the strands? Should there be fixed or indicative allocations for each strand and if so what should they be?**

As we have argued above, within the overall Creative Europe structure, there should be an autonomous Media strand and an autonomous Culture strand with fixed financial allocations. In order to set out objectives for these strands, and to detail how support measures will attempt to achieve these objectives, there needs to be a fixed budget for each activity going forward. This will also provide much needed stability for beneficiaries. Historically, the MEDIA programme has always had a significantly larger budget than the Culture programme due to size of the industries it supports, and the fact that cultural sectors have traditionally been more heavily subsidised by national governments than creative sectors.