



## **Consultation on the BFI Strategy 2017-2022**

### **A contribution by the British Screen Advisory Council [BSAC]**

This paper represents the views and suggestions of the British Screen Advisory Council [BSAC] on the content of the British Film Institute's future strategy for the five years 2017 to 2022.

The paper loosely follows the headline themes highlighted by the BFI staff in the course of the summer 2016 'roadshow' of public consultations. BSAC has also added themes which correspond to the core concerns and interests of its broad membership.

#### **1. Diversity – “the heart of creativity”**

Diversity is one of the key themes of the BFI nationwide consultation. Whilst there has been some progress in the recruitment and empowerment of people from under-represented groups, the BFI and allied organisations agree that the performance of the film community in moving towards true representation of the full spectrum of UK society, remains weak across the board.

- 1.1. The BFI roadshow consultation slogan “Diversity is the heart of creativity” eloquently conveys the key idea that Diversity should not be considered a sentimental or ‘politically-correct’ add-on or an afterthought. BSAC agrees that it is a vital prerequisite for ensuring that British film remains culturally relevant and on the creative cutting edge in decades to come.
- 1.2. BSAC approves of the fact that the BFI has made diversity a cross-cutting issue that it seeks to actively address through its entire spectrum of public intervention in film culture and industry. It is essential that diversity, as defined in a future 5-year BFI strategy, should encompass training, education, film funding, distribution and the all-important dimension of incentivising sustainable film culture and production hubs in the nations and regions outside of Greater London.
- 1.3. In defining its own Diversity Standards, the BFI has sought to capture areas of under-representation beyond those defined in the Equality Act 2010 (disability, gender, race, age and sexual orientation), by also including “people from lower socio-economic groups”. Additionally, the Standard also attaches “meaningful representation of place (e.g. nations, regions or communities that are under-represented on screen)” as one

of 5 options under its Standard C (Industry access and opportunities). Equally, under Standard D (Opportunities for diversity in audience development) one option consists in bringing “Added value for audiences in a specific UK region or nation, outside Central London”. BSAC supports this panoptic approach to the Diversity agenda as a complex and multi-layered challenge.

- 1.4. BSAC believes that more diversity in leadership positions in our industry would be a vital boost to top-down diversity as well as making this creative sector more dynamic and responsive to audiences’ tastes and interests. A study published in the Harvard Business Review in 2013 concluded that: “*Without diverse leadership, women are 20% less likely than straight white men to win endorsement for their ideas; people of color are 24% less likely; and LGBTs are 21% less likely. This costs their companies crucial market opportunities, because inherently diverse contributors understand the unmet needs in under-leveraged markets.*”<sup>1</sup>
- 1.5. Overall, the BFI is aiming to have become representative of the whole of the UK population by 2020. Whilst BSAC support the ambitious goal, we are concerned about the current discrepancy between the ends and the means. The delivery of diversity across the board requires substantial resources. We are concerned that cuts in the BFI’s core grant in aid budget over time will place a limit to its ambition in this area.
- 1.6. The BFI’s Diversity Standard needs to aim to represent the demographic make-up of the entire UK and each of its Nations and Regions. Delivering this requires consistent partnerships with the screen agencies across the UK.
- 1.7. One of the key methodological debates is over whether or not a quota system would be desirable – at least as a priming pump – to remedy the poor performance of the UK film industry on diversity. The BFI, currently favours the concept of *target* over that of *quota*. There is a concern that quotas would create a rigid mechanism which would generate unintended negative consequences, including the promotion of people based on pure ethnicity/gender/disability/socio-economic background rather than potential, talent or skills. This would be a disservice to the very communities a diversity policy should aim to empower.
- 1.8. BSAC agrees with the BFI’s reluctance to introduce diversity quotas. We think it is important that the BFI should be focused on gathering diversity data. In particular, it should monitor the impact of its Diversity Standard implementation over the forthcoming years. The data should be shared broadly with industry, so as to take regular stock of progress and adapt the approach to the fluctuating challenges of

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<sup>1</sup> <https://hbr.org/archive-toc/BR1312>

*How Diversity Can Drive Innovation* – by Sylvia Ann Hewlett, Melinda Marshal & Laura Sherbin

recruitment/training/audience development/project funding and other areas of relevance for the growth of diversity.

- 1.9. BSAC observes that there seems to be a dearth of joined up policies on diversity from the film and audiovisual content sectors overall. Whilst a growing number of private sector companies and public sector organisations have been developing diversity policies, the BFI's laudable efforts to create a common standard in film have not so far yielded satisfactory results. Having a 'free market' for diversity is ineffective. As the non-departmental public body (NDPB) for film, the BFI should persist in its efforts to harmonise such standards with other public bodies – including the UK's screen agencies - and leading private sector employers. The objective should also involve agreeing on a mechanism for voluntary monitoring and data sharing which would help shape future discussions to improve the effectiveness of diversity strategies across the film community.
- 1.10. According to some BSAC Members, film projects in which certain types of under-represented communities feature prominently (e.g. films starring BAME leads) appear to be predominantly confined to low budgets. BSAC is concerned that – whilst there may be understandable considerations of certain financial risk factors in the current marketplace for films (the difficulty of raising higher budgets is endemic in independent cinema) – this may unwittingly encourage cultural and economic marginalisation for some under-represented categories. BSAC recommends that the BFI should make it a deliberate policy to take greater risks in backing such film projects and incentivise its private sector partners in film funding to do the same, if necessary by yielding better recoupment positions to them in certain cases. If a significant proportion of those projects are able to access higher budgets and deliver strong production values, it is probable that they would help habituate audiences to new forms of representation and educate the marketplace into new expectations. Breaking out of the strictures of low budget film making is essential for BAME and other under-represented communities to gain mainstream acceptance and their rightful place in an increasingly diverse British popular culture. BFI should also encourage further effort to deliver diversity in mainstream commercial production.
- 1.11. Diversity begins with job opportunities, not just for creative talent but also in below-the-line technical grades. The British film industry workforce remains under-representative of the UK population as a whole in this respect and BSAC believes change can only occur through a sustained training and funding effort. It is important therefore that the BFI should continue to support Creative Skillset and its suite of diversity initiatives, including its Diversity Fund.

## **2. “What is Film Today?” – Is there a case for broadening the BFI’s remit?**

One of the themes of the BFI roadshow consultations is whether to maintain the current definition of ‘film’ within funding guidelines or to embrace a more flexible remit. At the present time, only feature length film designed for an initial cinema release is meant to qualify for support from BFI funds. Given how technology is enabling new forms of visual storytelling and screen entertainment to emerge and gain popularity (e.g. narrative games, VR), the organisation is being challenged to broaden its remit accordingly.

- 2.1. BSAC believes that the BFI funds should maintain their main focus on traditional independent cinema films. Whilst there is abundant evidence that this sector remains the driver for UK screen creativity across the board, it also suffers acutely from market failure. BFI funds’ remit to support projects that may otherwise fail to close their financing out of the commercial marketplace alone, is wholly appropriate to UK traditional feature production and the majority of available funding should continue to be committed to these.
- 2.2. BSAC also believes that there is a rationale for introducing a measure of flexibility in the funding remit, perhaps only on an experimental basis initially. In the long run, continuing to set a rigid boundary between a traditional definition of ‘film’ and other audiovisual narrative forms carries the risk that the organisation’s intervention may gradually lose some of its cultural relevance and contradict its own efforts at developing younger audiences.
- 2.3. The UK’s pool of creative talent for narrative visual entertainment is shared across the various audiovisual sectors. From its base in traditional film and TV drama, it has diversified into the new hybrid media which digital technologies have spawned. These now include narrative components in console and online games as well as VR storytelling. The BFI should be in a position to capture and incentivise emergent creative talent across a wide range of screen-related creative projects and to encourage creative cross-pollination which would benefit both traditional ‘film’ and new hybrid narrative forms.
- 2.4. Experimenting with the funding of new forms of narrative content should rest on the same premise as exists for cinematic feature length film, i.e. that funds should only go towards projects that would not otherwise have a good probability of being supported by the marketplace alone. This rule of engagement would ensure that core principles would not be breached and that the BFI funds would not end up supporting high-end TV drama designed for primetime audiences or mainstream narrative games.
- 2.5. Should the BFI decide to go ahead with implementing a more flexible definition of ‘film’, BSAC would recommend that the funds should hire additional project managers with acknowledged expertise in the hybrid narrative forms borne by the new technologies. This would ensure a

discerning approach to project selection and greater quality control, both of which should be subject to transparent guidelines and strong accountability. The impact of the BFI's public intervention in these new areas should be assessed on a regular basis as technologies evolve and as new economic models emerge to support the development of new audio-visual narrative forms. The assessment should also help ensure that the BFI remains focused on works that would not otherwise find sufficient financial support in the marketplace.

### **3. “Everyone, Everywhere” – A Policy for the Nations and Regions**

The social geography of the Brexit vote has revived a powerful narrative about, on the one hand, the nationwide gulf between rich and poor and, on the other, the chasm between London and some of the Nations and Regions. The two issues are inter-related, with a disproportionate share of the country's value added being generated in London and the South East. Post referendum, there can be no doubt that a greater transfer of resources, both cultural and economic, to the Nations and Regions, may become a key priority for Government.

- 3.1. Not only is a renewed emphasis on out-of-London capacity building likely for post-Brexit nation-building it also makes sense from a pragmatic perspective in the film and audiovisual sectors: with London's production infrastructure approaching saturation and with growth in audiovisual output outstripping that of the overall economy, the conditions are ripe for the Regions of England and the other Nations making up the UK to seize appropriate opportunities. The development of sustainable film enterprise away from London should also be seen as an integral part of an overall commitment to diversity.
- 3.2. In this context, the BFI may be expected to put more emphasis on helping to develop film culture and film production capability in the rest of the UK. Amongst the key themes the BFI team took to its summer 2016 roadshow is *Everyone, Everywhere*, a slogan that crystallises its intention to assist the Nations and Regions in their drive to grow their own creative film strongholds working in partnership to deliver individual and collective strategic priorities.
- 3.3. In pursuing a balanced approach to UK-wide industrial and cultural development for film, the BFI must continue to commit substantial resources to London and the partner agencies with which it delivers its multi-layered film strategy in the capital. On the one hand, many of the problems affecting the more socio-economically challenged areas of the UK are also acutely in evidence in many parts of London and its periphery. London is also affected by high costs of living, work space scarcity and other factors which make it vulnerable to a loss of creative competitiveness in the long run. On the other hand, London is the leading creative hub, acting as a standard bearer for this creative industry and helping to irrigate cultural and commercial developments in film in the rest of the country.

- 3.4. The Capital is also a main gateway for UK film into foreign markets and its most important shop window for the best of what our film culture has to offer nationwide. To set London's agenda in opposition to the nations and regions would be counterproductive: the country as a whole needs London's success as a key driver for creative industry growth.
- 3.5. Over the past four years, the BFI has had to accommodate substantial cuts to its core grant in aid budget. Inevitably, some of these cuts have affected the funding base of its partner agencies. BSAC is concerned that these inevitable cuts will limit the public sector's capacity to support the growth of sustainable film and audiovisual hubs throughout the UK.
- 3.6. Partnership funding with local public and private entities should in theory help the BFI act as leverage for attracting a critical mass of new investment sufficient for the kind of start-up hubs being contemplated. The BFI currently operates a Creative Clusters Challenge Fund. The fund is intended to support "*the growth of emerging screen industry hubs across the UK.*" Awards are in principle reserved to bidders outside London and the South East. In February this year, the fund awarded £127,000 to the Yorkshire Screen Industries Hub (YSIH), with matching funds from partners in the region bringing the total investment up to £254,000. BSAC is concerned that there is a significant gap between the BFI's policy intentions and the financial resources it has been able to commit to the formation of these creative clusters. We believe more funding should be made available to help the BFI play its full part in these important developments.
- 3.7. Although the structure and business models of film and games differ substantially, useful lessons may be learned for a future BFI strategy from research conducted by the UK's game industry. Having started with very high levels of concentration in the Greater London area, this sector has achieved fast geographical diversification in recent years. A September 2014 Report by NESTA and UKIE showed the presence of significant interactive games' development clusters outside of Greater London. The report identified 12 games hubs across the UK. The breadth of geographical distribution attests to the capacity of the Nations and Regions of the UK to attract high-tech/high skills enterprises in a sector of the creative industries and provide the infrastructural support for those to grow and prosper.
- 3.8. The BFI should also develop strong working connections with Local Enterprise Partnerships (LEPs) in the Regions and with relevant enterprise agencies in the Nations. These entities have played a useful part in local high-tech industrial developments across the UK. However, significant knowledge gaps remain about the idiosyncrasies of the screen industries, as LEPs have historically been geared more towards traditional manufacturing and high-growth businesses.

#### **4. BFI Film Funds**

For the year 2014, the BFI committed a total of £25.5 m in Lottery funds through 10 funding strands, including development, production, completion, distribution, exhibition, slate funding (Vision Awards) exports, and audience development. The core guideline meant to direct funding decisions in production and other areas is that Lottery funds should attach to projects that would otherwise have insurmountable challenges getting financed in the commercial marketplace alone.

- 4.1. BSAC believes the system is working adequately overall. There is no need for root and branch reform of the funding system and the current mandate of the funds appears to be fulfilled competently.
- 4.2. There is a degree of concern over the length of time that BFI development and production fund executives should be kept in their posts. A prolonged period of time in these jobs may generate complacency and establish bias, which would in turn militate against creative risk-taking and experimentation with new concepts, genres and talent. Some see a danger that long tenures may also contradict the BFI's commitment to diversity. On the other hand, there are positive arguments for long tenures: given the complexities involved in the process of selecting the most suitable projects, an artificial time limit would risk removing a capital of knowledge, skills and experience which is needed for the long term success of the funds and their ability to address real need and reflect the diversity of talent and narratives in the creative film pool. BSAC does not advocate statutory limitations to the length of tenure of any executive in a position to green-light film projects; we are merely suggesting this should be a matter for open debate on the BFI Board, with a view to ensuring that its film funds maintain their high standard of creative and managerial performance in the long run.

#### **Development and Production**

- 4.3. Historically, the BFI Lottery production fund was expected to come in as 'last money', in order to ensure that the fund only got behind projects that were demonstrably unable to raise enough from the marketplace to close their budgets. In recent times, the BFI has been able to issue letters of intent at a stage when a project has yet to attract other sources of funding. This policy shift, based on a prior assessment of the nature of a project and its market prospects, has meant producers supported by the BFI are now able to leverage funds from other sources more effectively. BSAC welcomes this pragmatic change, which makes the BFI funds more adaptable to the challenging conditions under which UK independent features try to raise budgets.
- 4.4. Recoupment is an endemic problem for Britain's independent production sector. Although the issue is in part smoothed over by the presence of incentives, the economic sustainability of most companies is

precarious at the best of times. The so-called ‘locked box’ mechanisms (development and production) have been designed to improve the recoupment position of the industry and incentivise the re-directing of those income streams towards more film activity. These mechanisms have been popular with industry practitioners, who see them as an efficient means of increasing the level of working capital available to the creative development and production end of the business, helping to make local independent companies both more sustainable and more competitive.

- 4.5. However, some BSAC Members find the rules for access to locked box funds cumbersome and bureaucratic. They regret that they are not allowed to channel this additional revenue to where it may be most needed at any given time, from the perspective of the production company’s overall operational needs and the fluctuations of its cash-flow. For instance, the strict criteria on locked box development funds means these may only be drawn down for a designated development use when, say, the company may be in justified need of covering wages for a support staff in between two projects being in production. BSAC supports a more flexible approach to the re-use of locked box funds. However, we are aware that introducing such flexibility may raise complex legal issues in relation to the use of state aid.
- 4.6. Some BSAC Members also believe the producers’ equity entitlement mechanism in its current form could be made more effective at delivering long term positive effects on the sustainability of the independent production sector. We recommend that the BFI should look into the possibility of reviewing the balance of revenue-sharing with the producer on the recouped funds. An impact assessment should be carried out in parallel so as to avoid negative consequences on other areas of the BFI’s incentive policies.

## **Distribution and Exhibition**

In broad aggregates, the UK theatrical marketplace is buoyant, with healthy admission and box office figures in the face of fast growing competition from alternative forms of film consumption, especially in the non-linear digital space. 2015 was a bumper year for British cinemas, with box office up 17% on 2014 (£1.24 bn) and admissions up 9% to 171.9 million.

- 4.7. However, the cinema market is also increasingly polarised, with audiences and box office take concentrated mostly around a few blockbusters and a small number of quality high-end independent releases, whilst anything in between is struggling to access screens and attract sufficient revenues. The recent bankruptcy (August 2016) of the Metrodome Group, a stalwart of UK quality independent distribution for many years, attests to the growing challenges of maintaining a sustainable market for the majority of independent pictures made in the UK or acquired from non-US sources.



- 4.8. The rapid growth of the non-linear digital space has created new opportunities for independent films in the UK. Whilst the theatrical release remains the dominant norm, new flexible release strategies have been emerging, testing the power of extending a film's impact on consumers, through innovative release strategies. BFI's distribution funds have tried to adapt to these changes. Further moves away from a one-size-fits-all approach to the release of films made to a theatrical standard are welcome. The BFI should continue to encourage experimentation in this area and pragmatic adjustments to the new pattern of consumption, whilst continuing to support a dynamic film exhibition infrastructure as the bedrock of the feature film marketplace.
- 4.9. BSAC notes that the re-organisation of BFI Distribution funding in 2014 has aimed to deliver on its objective of supporting a more diverse distribution and exhibition marketplace and enriching film culture in the UK. In particular, P&A support for specialised films is helping lower the barriers to entry into the theatrical market for smaller distributors handling niche or arthouse titles. It has helped raise the public profiles of those films and had a positive impact on the performance of those films in subsequent windows.
- 4.10. The BFI's Film Audience Network (FAN) created through its Audience Fund is beginning to play an important part in opening audience outreach opportunities in the Nations and Regions. BSAC believes that FAN could achieve a greater impact by developing long-term collaboration with the mainstream exhibition sector. This sector can contribute to the Network's efficiency by making its wide infrastructure and expertise available in support of the BFI's objectives in this area.
- 4.11. BSAC is concerned that there is insufficient awareness or understanding amongst industry professionals of how the various distribution/exhibition funds and audience development initiatives work and how they can support the efforts of distributors and exhibitors to develop audiences and markets for independent cinemas. The strategy would gain in effectiveness through improvements in the BFI's communication with the commercial sector.
- 4.12. Audience development is a salient element of the BFI's strategy and one that BSAC strongly supports. We believe direct support to distribution strategies and the specialised exhibition infrastructure must be accompanied by other initiatives (e.g. film education) to support a broad range of film tastes and interests in all demographic groups.

## **5. BFI Advocacy and Governance**

BSAC supports the BFI taking a leading role in funnelling the concerns of the film industry in the post-Brexit referendum negotiations with the EU.

We have welcomed the opportunity to participate in the BFI Brexit Industry Task Force which is helping to coordinate the various film interests on these

complex trade and legal issues. This approach will encourage a coherent relationship with DCMS, the new ‘Brexit Department’ and other relevant parts of central government. BSAC has also been developing thinking on the issues from the perspective of its own broad membership. The first stage of our work will be completed in mid-September. It is likely to highlight common goals between film and the other audiovisual industries. We will invite the BFI Policy Unit to take our work into account in its future coordination work on Brexit.

BSAC believes it is important that the BFI should make its leadership and governance structure reflect – and cohere with – its strategic priorities, including Diversity, the development of film capacity in the Nations and Regions and the funding of UK films. The make-up of the BFI’s governance bodies and working groups or committees should always aim to include the full range of skills, expertise and interests required to deliver those strategic priorities in the most effective manner.

## **6. Training and Education**

The BFI skills’ strategy encompasses a wide array of action lines, from entry level work experience, internships, apprenticeships and skills development/re-skilling or further professional training for those with prior experience. BSAC Members are involved in contributing to the industry’s training and education resources and initiatives in a wide variety of ways. BSAC recognises the strategic importance of training and education both as a means of raising the professional standards and competitiveness of our industry and as a powerful tool for audience development.

- 6.1. Training policy must be deliberately linked with the diversity agenda and is a key part of bringing about a more diverse workforce across the UK. Remedying the shortage of workers from minority groups and poorly represented communities has to begin with a training strategy that seeks to bring people in from those under-represented groups.
- 6.2. The proposed legislation to introduce a compulsory apprenticeship levy across all UK industries is not well adapted to the particular set of circumstances that affect UK audiovisual production. BSAC believes the BFI should advocate to tailor the proposals to this industry’s challenges. Amendments are needed that would make the levy more efficient and user-friendly and would avoid a negative impact on contributions to the industry’s existing voluntary levies.
- 6.3. Post referendum, there are going to be significant uncertainties about the terms of access to the UK by EU skilled workers in our industry. Without prejudging the terms that will be negotiated between the UK and the EU, BSAC is concerned that the transition years may see potential skills shortages from the new uncertainty over hiring from the EU. This will have implications on the industry as a whole and may have important repercussions on the national film training strategy, which may need to refocus on training (and re-training) the resident skills’ pool.

- 6.4. At present, young school leavers are insufficiently well informed about professional opportunities at every level of the industry. Career advice in secondary schools is often under-resourced or insufficiently emphasized. BSAC recommends that the BFI should allocate more resources to liaising with schools' career advice departments and help them raise awareness of the entire range of professional opportunities in the film industry, creative, technical and managerial. The BFI could produce and disseminate career orientation packs for secondary schools and commit staff to making direct contributions to career advice lectures and briefings in response to demands from the schools.
- 6.5. More efforts should also be made to help students access jobs in industry after formal education. The criticism of current university education is that it places too much focus on Film Studies rather than offering courses that may help prepare students for practical jobs (e.g. work and vocational skills). There may be a need to bridge the gap between studying film and getting paid work in film, through offering practical skills as well as traditionally academic teaching.
- 6.6. Some higher education institutions around the country would welcome more engagement from/with the BFI to help them imagine innovative new course designs relevant to the multidisciplinary character of audiovisual skills' development in the 21<sup>st</sup> century. Stanford University has collaborated actively with a bevy of professional sectors and their trade associations to develop its 'dschool'. This new concept puts together in the same academic and creative space students from horizons as diverse as computer sciences, pedagogy, engineering, business administration and creative writing. The skills' melting pot is bound together by an academic manifesto that encourages cross-disciplinary, action-orientated cooperation and learning. The BFI could do more to reach out to the higher education sector and contribute its expertise to modernising the academic programmes relevant to moving image creativity and its interface with technology and business.
- 6.7. As with training, education is seen as an important first port of call to address the diversity issue and help remedy the low levels of intake into the industry from under-represented groups and communities. *Film Forever* set out an ambitious objective to “*make the case [...] for film education to be more firmly embedded in curricula.*” The BFI's school film programme Into Film has been widely affirmed as a useful and dynamic tool to develop a wide taste range in future audiences currently receiving formal education in British schools and encourage pupils to express their creativity through film. BSAC recommends that the performance of Into Film should be formally evaluated, in an open process, with the results made available to industry and education stakeholders, so feedback may be used to ensure it delivers efficiently on its long term objectives.

- 6.8. The Film Club initiative has been an important component of Into Film; it has been deployed in 9,000 schools, relying entirely on volunteers. Some educationalists feel the BFI are not getting the message out sufficiently to teachers about the potential of using the Film Club package as an extension of classroom tools. BSAC believes this should be emphasized too, as early film education is a powerful tool for the development of future audiences for British film and audiovisual content.
- 6.9. BSAC believes that the recent reconfiguration of government presents an opportunity for the BFI to further develop its connections with DfE to advocate for a more joined up, strategic approach to the long term film education challenge in the UK, covering a variety of priorities, from basic film literacy to audience development and information about career opportunities in film.

## **7. Film Heritage**

The BFI has responsibilities for managing the UK's vast film heritage and archive. Preserving this valuable heritage and making it available to the public on terms agreed beforehand with creators and rights holders, are essential functions to discharge in order to sustain a dynamic national film culture, introduce new generations to film history and support film studies and research. BSAC supports the BFI's ambitions to digitise 10,000 films, a sizeable challenge given the problems associated with moving away from the legacy analogue infrastructure. We support the continuous long term funding of the BFI's heritage strategy and look forward to being associated with formulating it and helping to deliver it.