



UK Coalition for Cultural Diversity

UKCCD Briefing, November 2022 Impact of Market Failure on UK's Independent Film Production

In the context of the well-reported boom in film production in this country, we welcome the BFI's report, An Economic Review of UK's Independent Film, July 2022, detailing the negative impact on both UK independent production and on audience demand for local stories which address, in various forms, the UK audience's own experience. This also has negative implications for cultural diversity of audiovisual expression so crucial for UK's thriving culture, and creative economy.

The report documents the relative decline of UK commissions as a % of UK production, caught in a vicious circle whereby SVoDs not only force up production costs, but also swallow up production funds.

It must be noted that whilst there is a perceived willingness for Studios to produce in this country, there is no obligation for them to stay here, they could leave town, leaving UK production vulnerable if policy is not put in place to guarantee the sustainability of pluralist production models.

There has also been a shift to easy-to-insure productions as we come out of the Covid pandemic. This gives real advantage to self-insured productions at the expense of locally created deficit-financed productions.

The shift from cinema to SvOD results in less investment in long-form feature film in favour of longer-form SVoD series which cost \$100s of millions – out of the reach of many deficit financiers. This has a negative impact on the UK where in the present market the maximum level of investment for a UK project is about £30m.

A series of policy recommendations address critical areas to redress the situation. UKCCD would observe the following:

1. BFI ROLE and PSBs

The BFI's input, not only into local film production but also into development, distribution and exhibition, is vital to sustain the genuinely independent UK film sector.

However, C4 is also a crucial investor in local independent film (£25 million 2020-2021), along with BBC and other PSBs. In the current imbalanced environment this has a critical impact on development and production. Any

change to the future of Channel Four, BBC and PSB more widely must take this into account.

2. TAXATION

The report makes reasonable demands re the taxation regime that any government should accept and we can all campaign on.

The shift from cinema to SvOD results in less investment in long-form one-off feature production in favour of longer -form SVoD series which cost hundreds of millions of dollars. In comparison it is just about possible for a UK project to raise up to £38 million in investment. In view of the competition, and the inflation of production values, more needs to be done to support independent production.

3. RIGHTS

3a Pointing out the adverse effects on AV authors of rights buy-outs without proposing a way forward such as in Canada, France, Norway or Spain. Streaming platforms bring with them a business model predicated on buying out IP rights from producers and employing authors and directors on buy out contracts. This has severe implications for the future of independent production companies' ability to re invest and make UK productions, investing in cultural diversity and fairness for creative workers.

The decline in deficit-financed production at the expense of content that is wholly commissioned, owned and distributed by companies like Netflix—is also affecting other countries including Canada, France, Norway and Spain, where governments are actively proposing new measures including levies on the platforms.

3 b The BFI report does not comment sufficiently about the exploitation of AV work online and does not mention how the provisions of the EU 2019 copyright directive could be adapted to the UK context for the benefit of AV authors .

4. REGULATION

The report is vague regarding obligations on streamers saying they should either be voluntary or contribute to a fund that they in turn could access.

The report points out the competitive challenge for indigenous independent producers funding AV films/programmes without any mention of regulation regarding :

a) quotas for streaming platforms as per in France, Germany, Belgium, Canada (and other EU countries)being paid for example into a BFI film fund

b) action on achieving better prominence and discoverability of local works on streaming platforms

c) regulation on SvODs to achieve data transparency both on consumption and on diversity criteria

November 2022

Ukccd1@gmail.com