**UK Screen Sectors’ Task Force**

Submission to

**HM Government**

**Building our Industrial Strategy Green Paper**

April 2017

**About the UK Screen Sectors Task Force**

HM Government’s Industrial Strategy Green Paper is clearly hugely important in relation to preparing the UK for once it has left the European Union and we are delighted to be invited to contribute to the development of this new strategy, particularly as it recognises the important economic contribution that this sector achieves for the UK, and the potential for the future.

In response to the result of the UK’s EU referendum in June 2016, the BFI convened the UK Screen Sectors’ Task Force inviting CEOs of the UK’s national screen agencies and trade bodies to join the Group. It was set up to ensure that the screen industries were best placed to identify resulting issues and opportunities for the sector, and effectively communicate with HM Government.

The BFI has prepared this submission on behalf of the Task Force and it has been endorsed by the latter, although not everyone of the draft ‘big ideas’ floated in this document has the support of every member of the Task Force. However the submission should be read as a clear indication of the sectors’ eagerness and expectation of a full partnership approach.

This Industrial Strategy consultation takes place as the BFI commences its five year 2022 strategy, the result of a year-long UK-wide, public and industry consultation, which produced a wealth of insights which we have also been able to bring to this document.

The Group is chaired by Amanda Nevill, Chief Executive Officer, British Film Institute.

Membership currently comprises:

Animation UK

British Association for Screen Entertainment (BASE)

British Film Institute (BFI)

British Screen Advisory Council (BSAC)

Creative England

Creative Scotland

Creative Skillset

Directors UK

Ffilm Cymru Wales

Film Distributors’ Association (FDA)

Film Export UK (FEUK)

Film London

Independent Film & Television Alliance (IFTA)

Northern Ireland Screen

Producers Alliance for Cinema and Television (PACT)

UK Cinema Association (UKCA)

UK Interactive Entertainment (Ukie)

UK Screen Alliance

1. **Our Vision**

To help ensure that the screen sectors secure the best possible economic and cultural outcomes from HMG’s proposed new sector deal for the creative industries, and thereby maximise their contribution to the growth of Gross Domestic Product (GDP) and productivity.

To see an even faster and more inclusive rate of economic growth in the screen sectors across the UK, in a way that ensures opportunity for all regardless of background, and draws on the brightest and best people available.

Our vision for the screen sectors in the UK over the next decade has three principal goals:

* To help make the UK the most creative nation in the world, with a rate of economic growth in the screen sectors that consistently outstrips that of any other developed nation across the globe, all underpinned by the world’s most creatively skilled and talented workforce. Industry and central government working in partnership with public bodies, Local Enterprise Partnerships (LEPs) and government at a local level working together to achieve a doubling of the value contributed by the creative industries to the UK’s GDP over the next decade, with the screen sectors at the heart of this.
* To help make the UK the most attractive place in the world to create and retain Intellectual Property (IP) in the form of films and moving images, delivering value both for shareholders and for the economy as a whole.
* To help ensure that the benefits of this growth are spread across the UK, creating jobs, driving investment and contributing to the quality of life for everyone, no matter what their background or where they live. It should be possible for all producers working in the UK to voluntarily adopt the BFI Diversity Standards by 2022.

These goals need to be embedded at the heart of the proposed ‘sector deal’ for the creative industries. In a time when artificial intelligence, robotics, and automation will make many jobs – even skilled ones – redundant, the creative industries have an even more important role to play in stimulating employment and economic growth since the human skills involved in creation and distribution of compelling stories are far less susceptible to automation.

In a digital age, high speed broadband is crucial to the development of the creative industries and the fulfilment of the above goals will require continuing private investment which delivers a world-class 5G network and broadband speeds above 100 Mbits throughout the UK.

We are confident that the different parts of the screen sectors and the Government, working in partnership, can deliver this vision.

1. **Purpose**

The purpose of this paper is to set out a number of initial draft ‘big ideas’ from the Screen Sector Task Force to be considered as part of the Government’s Green Paper on Industrial Strategy. It is designed to add further to the Creative Industry Council’s (CIC) broader-based submission on behalf of the whole of the creative industries.

The Task Force identified a number of cross-cutting priorities for this submission which reflect the Government’s broader ambitions for its industrial strategy:

* Diversity and inclusion – a fairer Britain which harnesses the talents of everyone, thus driving faster economic growth.
* Increased productivity – to address comparatively low levels of productivity in the UK.
* Linking international trade with cultural ‘soft power’ – harnessing the power of the stories which are told across all platforms through film and the moving image to influence hearts and minds.
* To bridge cultural divides and create a common position from which to catalyse discussion and business negotiation.
* Driving growth across the entire UK to the benefit of all regardless of where they live or their social background.

Each of the ‘big ideas’ is mapped against the 10 Pillars of the Government’s industrial strategy as set out in the green paper published in January 2017 [see Annexe One].

1. **Big Ideas - First thoughts**

* **Fiscal and regulatory**

Future economic value will come from more and better UK content being created, owned and then exported by UK businesses.

We should better encourage the creation of British IP the ownership of which is retained in the UK, in particular by encouraging the growth of indigenous companies of scale across the screen sectors. The Task Force, working in partnership with industry, the Government and LEPs would like to identify ways in which the investment environment in the UK can be improved to enable the growth of companies which can seize the opportunities across the world presented by the digital age.

For example:

* + - * Investigating the value of funds from the British Business Bank to accelerate the leveraging of private investment to support the growth of the screen sectors across the UK.
      * Examining the advantages and disadvantages of a levy for online video on demand (VoD) services designed to support the creation of audiovisual works. Such a mechanism could be similar to the way in which the regulatory frameworks in France and Germany now ensure that online VoD services contribute to funding of audiovisual works.
      * Identifying the potential for differential VAT rates to drive growth within the screen sectors within the constraints of the relevant global treaties now that the UK is no longer likely to be within scope of the EU’s VAT Directive. For example, in February 2017 the European Court of Justice (ECJ) ruled that EU VAT rules prevented the BFI from claiming back VAT paid on selling cinema tickets. Potentially, there is scope for a different approach, one which could help support British independent films, once the UK has left the EU.
      * Exploring development of Terms of Trade for independent feature film with the Public Service Broadcasters (PSBs), which reflect those already in place for independent television production. This could enable independent film producers to have an asset on their balance sheet (certain rights to the films they have made) which, in turn, would help them to attract investment thereby enabling them to grow and reducing their dependence on production fees as their primary source of income.

***Pillars Four and Six***

* **Skills**

The ambitions set out above for economic growth and job creation in the screen sectors are crucially dependent on access to highly creative and skilled people. As noted above, future wealth also depends on the creation, retention and export of new IP.

We would like to see curricula across the four nations fully reflect the importance of creativity to the UK’s digital economy. There is a growing need to combine creative skills with wider business development, digital and technical skills; enabling an emphasis on a combination of skills across multiple platforms. Such fusion skills are critical to maintain indigenous creation and vital to attracting inward investment at a time when there is increasingly fierce competition from across the globe.

We propose the creation of a UK-wide storytelling academy which will focus on developing the grammar of writing for different media and the development of stories that reflect British life across the UK and beyond in all its diversity. In an age when short-form content of all kinds proliferates as never before, the ability to tell compelling stories which engage people will be increasingly valuable.

The Task Force would like to see the focus of support for innovation (for example, through Innovate UK) move away from purely ‘tech’ initiatives to initiatives which help develop the art of storytelling. Without support for creativity, we will be unable to capitalise fully on technological innovation – as it is stories (not technology) which speak to people’s hearts and minds and which create value.

There is a strong argument for a Business Fund, financed by a public/private partnership that would support ‘storytelling’ and concept development for screen, and could help support people from a wide range of backgrounds, including those emerging from the BFI Film Academy. This fund could potentially be supported by Innovate UK, as part of the broader Industrial Challenge Fund, thereby addressing the current bias toward investment in technology.

Informed by consultation with the industry, the BFI is about to publish a strategy – *Building Skills for the Future of Film*, to overhaul and significantly strengthen the skills base of the UK screen industries. Across the screen sectors, ongoing technological advances, such as the rapid advance of global streaming services, continue to have a disruptive impact on the sector. As production methods and commercial models change, this creates the need for a ‘fusion’ of creative, digital and entrepreneurial skills. The action plan proposes a blueprint which is scalable for other industries.

With an industry that is very focused in the South East, it is often challenging for young people to find a way into a career. The BFI Film Academy, funded by DfE and supported by the National Film and Television School (NFTS), Pinewood and others has proved a good industry partnership model, working across all corners of the UK, identifying young people from very diverse backgrounds and giving them short but concentrated professional hands-on opportunity, experience and access – at the very pivotal moment in their lives when future career options are being considered. This is a proven model, now delivering young apprentices into some of the major film productions, which should be expanded and put on a firmer funded position, particularly given its success at reaching those from disadvantaged socio-economic backgrounds.

The skills report in particular identified a gap; the need to set up educational ‘bridges’ to take students from education into the work environment, with the skills ‘finished’ to a standard that employers are seeking. We propose the creation of a small number of partnership consortia consisting of existing HE/FE skills providers, LEPs, linked to active studios (e.g. Pinewood, Double Negative, Church Fenton, BBC Manchester) who can provide on the job skills development, to ensure that there was a fit between what industry needs and what HE/FE is able to deliver.

The Arts and Humanities Research Council (AHRC) has indicated that it would be very supportive of such an initiative for the screen sectors.

***Pillar One, Two and Eight***

* **Exports and trade**

It is crucial that the Government remains engaged with European Union policy initiatives up to, and after, our exit from the EU. For instance, in the context of the Digital Single Market (DSM) proposals, it is vital that the Government seeks to protect the principle of territoriality on which the financing of audiovisual works is crucially dependent. The BFI has a valuable support function here through its tightly networked partnership – the European Film Agency Directors (EFADs) organisation – with its peer policy bodies in each of the Member States.

The Creative Sector Tax Reliefs for screen are highly effective in ensuring the UK retains its international competitiveness, and we welcome the Government’s commitment that they will be maintained. We believe that industry and government could work together more effectively to release further their value across key identified territories across the globe, especially in the case of animation and games to ensure that the Tax Reliefs are delivering optimal value across the screen sectors, including by promoting inward investment.[[1]](#footnote-2)

Export support across Government and industry could be more strategically co-ordinated in particular, to target markets which form part of any future Free Trade Agreements (FTA) and which will be making a major contribution to driving economic growth.

The Task Force will work with the CIC on a new initiative to be supported by the private and public sectors working in partnership, to help British independent companies across the screen sectors export their products.

As part of this, the UK should never underestimate the value at forging new economic relationships through the prism of cultural soft power, one of the UK’s greatest assets. We propose that British cultural institutions should be systematically included within all significant Government trade delegations. This could further help to spread the values of understanding and tolerance at a time when such values are under increasing threat in some parts of the world.

At a time when there is a clear risk that we may no longer be able to participate in the EU’s Creative Europe programme once we have left the European Union, the need for such support for export and other international activities – particularly with the capacity to scale up in response to future needs – is crucial.This is a proven programme, valued for how it stimulates business development and a scheme from which we can learn and build on. We are already seeing the negative effect created by uncertainty of funding on British film exports. We would propose that the proven benefits of this scheme are re-invented into a new model scaleable into the other identified export markets - which should sensibly include Europe.

***Pillars Four, Six and Eight***

* **Clusters and place**

The BFI’s 2022 industry-informed strategy recognised that for the screen sectors to really flourish, there is a need to recognise and promote the wealth of talent and creativity from across the whole of the UK, in addition to London. The BFI plans to support further the other emerging centres that have the commitment, leadership and ambition to develop into creative screen clusters of international influence. The BFI’s aim is that by 2022, 25% of its production funding will be devolved to these clusters.

As part of the overall business growth strategy, we would like to help create a wide-ranging partnership between DCMS arm’s length bodies (ALBs), LEPs and other key public and private partners to support a small number of new and/or existing ‘trailblazer’ screen clusters across the UK with the potential for international impact. This will create skilled jobs and increase the contribution of the screen sectors to GDP.

Policy and support should build on existing centres of excellence in London, the South East, Yorkshire and Belfast to name a few – locations with demonstrable potential for growth. We can provide a compelling case study for how one such initiative is emerging in Yorkshire.

To ensure a coherent policy landscape, economic development and strategies for enterprise must dovetail into the LEPs’ Strategic Economic Plans. City councils and local authorities have an important role to play particularly in sustaining investment in cultural infrastructure, festivals, programmes and other activities as a means of retaining cultural creative people and attracting world skilled creative individuals to their localities.

Cost effective work spaces and affordable housing are critical parts of the framework at a local level helping creative industries to thrive. All this needs to be delivered in a sustainable way that helps promote a low-carbon economy, e.g. through the provision of efficient public transport networks.

***Pillars Three, Seven, Nine and Ten***

* **Intellectual property (IP)**

The IP framework is working well and we see no reason to update it except where there is clear evidence of the need to revise it to deliver maximum value to business and to society, providing increased protection where necessary.

One such idea would be the creation of walled gardens to allow young people in educational settings to learn about their moving image heritage in the same way that they have access to their literary heritage. In this digital age this must be a sensible and essential avenue to consider, if we are interested in stimulating creativity and innovation and ultimately the future creators of IP. Such an initiative would need to robustly protect the commercial interests of rights holders. But developed in partnership with industry, such an initiative could be specifically designed to help to raise awareness among young people of the importance of copyright as a means of rewarding creators and helping to drive economic growth in the twenty-first century economy.

Such a proposal could feed into a review we would ask Government, in partnership with industry, to conduct on the future protection of IP rights and how enforcement is conducted - at a time, for instance, when the resources available to Trading Standard Officers to help protect such rights have declined significantly. Alongside this a long-term commitment to funding for the Police Intellectual Property Crime Unit (PIPCU) must be considered.

***Pillar Four***

* **Evidence**

There is a clear need for more and better market intelligence especially in relation to export. The industry would like to work in close partnership with the Office for National Statistics (ONS) and to develop and track official statistics especially on skills and employment. We need Sector Industrial Codes (SIC) and Sector Occupational Codes (SOC) to better reflect creative industries and statistics that take into account freelance, flexible work forces and identify the number of creative workers in non-creative industries. All of the above proposed interventions will need to be underpinned by rigorous evidence as they get further developed and tested.

***Pillar Ten***

Ends.

**Annexe One**

**The 10 Pillars of the Government’s Industrial Strategy**

**(As set out in the Green Paper published in January 2017)**

1. Investing in science, research and innovation – we must become a more innovative economy and do more to commercialise our world leading science base to drive growth across the UK.
2. Developing skills – we must help people and businesses to thrive by: ensuring everyone has the basic skills needed in a modern economy; building a new system of technical education to benefit the half of young people who do not go to university; boosting STEM (science, technology, engineering and maths) skills, digital skills and numeracy; and by raising skill levels in lagging areas.
3. Upgrading infrastructure – we must upgrade our standards of performance on digital, energy, transport, water and flood defence infrastructure, and better align central government infrastructure investment with local growth priorities.
4. Supporting businesses to start and grow – we must ensure that businesses across the UK can access the finance and management skills they need to grow; and we must create the right conditions for companies to invest for the long term.
5. Improving procurement – we must use strategic government procurement to drive innovation and enable the development of UK supply chains.
6. Encouraging trade and inward investment – government policy can help boost productivity and growth across our economy, including by increasing competition and helping to bring new ways of doing things to the UK.
7. Delivering affordable energy and clean growth – we need to keep costs down for

businesses, and secure the economic benefits of the transition to a low-carbon economy.

1. Cultivating world-leading sectors – we must build on our areas of competitive advantage, and help new sectors to flourish, in many cases challenging existing institutions and incumbents.
2. Driving growth across the whole country – we will create a framework to build on the particular strengths of different places and address factors that hold places back – whether it is investing in key infrastructure projects to encourage growth, increasing skill levels, or backing local innovation strengths.
3. Creating the right institutions to bring together sectors and places – we will consider the best structures to support people, industries and places. In some places and sectors there may be missing institutions which we could create, or existing ones we could strengthen, be they local civic or educational institutions, trade associations or financial networks.

1. See also the British Film Commission’s response to the Green Paper. [↑](#footnote-ref-2)