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Northern Alliance

Low and Micro-Budget Film in the UK

Cultural Value And Potential Strategic Interventions

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Introduction

The UK Film Council's report; 'Low and Micro-Budget Feature Film in the UK', published in June 2008, provided a detailed overview of the production, distribution and exhibition of films with budgets of under £1m. The report focused upon qualitative and quantitative data on the sector. It did not (and was not asked) to make strategic recommendations.

The publication of the report did, however, provide the occasion to consider tactical or strategic options to address the issues raised by the report.

The report was based on research that was inconclusive in respect to one key issue; whether there was a significant 'bottleneck' in launching films made on low or micro budgets that prevented them making their full contribution to the UK's film culture.

This paper summarises the additional research undertaken in respect of that key issue and sets out a range of options for interventions by the UK Film Council, N/RSAs, Skillset and their partners to address it and other issues raised by the report.

All the options are based on discussions of the original report and their experience of low and micro-budget filmmaking in the UK undertaken with the interviewees listed in Appendix A.

The options refer to and follow the order of the original report.

Appendix B documents the research into the extent of the 'bottleneck', its key conclusion is that whilst some low and micro-budgeted films produced each year may fail to make their potential contribution to the UK's film culture, there does not appear to be a compelling case for urgent action on the part of public agencies with a responsibility for film.

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Section 4 – Surveying the Films

The earliest finding of the research was that there was no accurate picture of the number of low and micro-budget films produced in the UK – let alone the more detailed production and outcome data which would allow film businesses or public sector bodies with an interest in the sector to formulate their strategy.

Option:

Introduce a mechanism to better track production at the lower end of the budget range, capturing information such as:

- Production company (including their location)
- Producer, Director, Writer (including demographic information)
- Budget
- Principal Funding Sources

This option should be considered in the context of the evolution of usage of the UK tax credit and the information available as a result (Northern Alliance's research was directed mainly at production activity undertaken before the Film Tax Credit was widely understood)

It may be the case that use of the tax credit by low and micro-budget film makers will increase and provide a bedrock of core data that can be supplemented with additional research as and when required.

Section 5 - Production

The detailed questionnaire sent to the producers of low and micro-budget films produced a wealth of data and a very high level of returns (in excess of 50%).

Regional/National Disparities

The volumes of production of micro-budget films varied enormously between the nations and regions of the UK.

Option:

- UKFC could suggest and lead a discussion amongst National and Regional Screen Agencies regarding the disparities, with a view to forming best practice for the support of low/micro-budget filmmaking.

If required Northern Alliance could support this discussion with a geographical analysis of research results to provide data by region/nation.

Please note, however, that the majority of low and micro-budget films are financed without direct public sector funding.

Diversity

Contrary to frequently-held opinion, the sector appeared to make only a relatively minor contribution to diversity – although certainly allowing a greater diversity of film making talent than mainstream film production.

Option:

- Amend or complement Skillset's Census to specifically assess diversity in this sub-sector, looking at, e.g.:
 - Story, themes and cultural value
 - Production company
 - Producer
 - Director
 - Writer

Securing UK Distribution and International Representation

Only a minority of completed films achieved meaningful outcomes in terms of sales, distribution and exhibition (either at major festivals or in cinemas).

42% of films failed to secure any festival exhibition, this rose to just under half for films produced on budgets of under £50k, but was still over one third for films costing £250k or more.

Films costing £250k or more were twice as likely to secure UK distribution, four times as likely to secure international representation and eight times as likely to be exhibited in the UK as films that cost £50k or less.

Option:

- Explore with Skillset the need to equip producers of low and, especially, micro-budget films with the skills necessary to market and sell their films effectively and the potential providers of such training.

Filmmaker Attitudes and Ambitions

In terms of qualitative responses, low and micro-budget producers are frequently distrustful of strategic film agencies, or are resistant to taking what they see as ‘old industry’ advice on skills and tactics.

Options:

- Channel training (and potentially other) measures in part through organisations already trusted by low and micro-budget film makers – such as Shooting People or the New Producers’ Alliance. (see also section 9)
- The UK Film Council and N/RSAs could review how they communicate with this part of the sector.

It may be the case that a high profile gesture instigated by the UK Film Council may redress the apparently widely held view that public policymakers are unsympathetic to the needs of low and micro-budget filmmakers.

The dedication of a UK Film Council meeting to considering low and micro-budget production including presentations by stakeholders in the sub-sector (e.g. Shooting People, NPA) and those responsible for formulating and delivering policy to meet its needs (New Cinema Fund, Screen England, Skillset, UK Film Council Distribution and Exhibition) might be a useful starting point for dialogue with this sector and form a public demonstration of the UK Film Council’s commitment to understand and respond to its needs.

Section 6 – International Sales

Only one in five of low and micro-budget films are represented by sales agents affiliated to FEUK or of similar standing.

Very few indeed benefit from the involvement (still less investment) by sales companies during pre-production and production.

Some sales companies that have been involved in low and micro-budget films in the past were reluctant to be as involved in the future.

Sales agents reported a knowledge gap on the part of producers regarding the requirements for successful sales (in terms of delivery items etc.).

Options:

1. Explore the potential for improving or increasing the specific low and micro-budget market events or sidebars, increasing the visibility of low and micro-budget films to UK distributors and international sales agents.

Existing measures such as LUFF's Breakthrough screenings or the repositioning of EIFF as a festival of discovery might be encouraged to extend their effort to showcase low and micro-budgeted films: however a key issue would seem to be whether a dedicated event(s) can be more effective at attracting the attention of sales agents and distributors than including the best low and micro-budgeted films in events and markets catering for a broad spectrum of production.

2. Introduce a dedicated micro-budget completion fund.

A preliminary to this might be a review of the extent to which the UK Film Council and RSA/NSAs are already able and willing to provide effective completion funding for low and micro-budget feature films – especially given the difficulties which sales agents quote in the report in terms of ensuring delivery materials are of requisite quality.

The review could include consideration of the barriers to effective investment in completion, e.g. in terms of the due diligence on the chain of title required as a precondition to funding, together with the implications for raising producer's awareness of the technical and legal requirements necessary to facilitate completion funding.

3. Establish a 'micro-sales' scheme to enable producers and sales agents to develop and implement sales campaigns targeted at international festivals specifically for low and micro-budgeted films.

FEUK could be consulted to explore the potential value of this measure.

4. The UK Film Council could explore the viability of a programme specifically dedicated to supporting the international showcasing of select low and micro-budget features with strong cultural value into active international sales.

The British Council might be approached to support such a measure, structured either as a 'one-off' or recurring event.

Sections 7 & 8 – Distribution In The UK and Exhibition

82% of low and micro-budget films are not achieving theatrical exhibition, only 5% of those budgeted at £50k or less are seen in cinemas.

Barriers to the release of larger numbers of smaller budgeted films include:

- An increasingly crowded marketplace (average number of releases increasing by around 5% p.a.)
- The number of low and micro-budgeted films released increasing even faster (24% p.a. on average)
- The number of low and micro-budget films being produced increasing (annual production doubled between 2002 and 2007)

Options:

1. The UK Film Council could initiate a review of its existing measures that have a direct or indirect influence on the distribution and exhibition of low and micro-budget films.

This might include, amongst others, a study of the extent to which the Digital Screen Network (DSN) screens increase the proportion of low and micro-budget films shown compared to non-DSN exhibition, the results of the Digital Innovation in Film programme, the impact of UK Film Festival Fund investment.

The study would provide a 360 degree view of current interventions and their relevance and impact on low and micro-budget production. It would pave the way for a 'response document' that could be used internally to adjust, where appropriate, current practice and externally to articulate the UK Film Council's response to the issues raised in the report.

2. The UK Film Council could research the potential effectiveness of 'bottom-up' measures (i.e. supporting individual developments from individual film makers and media artists) compared to 'top-down' measures (i.e. interventions and changes to policy by national and regional strategic agencies, broadcasters, national and international aggregators and other businesses)
3. The UK Film Council and its partners could increase the resources they currently dedicate to developing and implementing a strategy for encouraging the growth of non-traditional, digital models of distribution and exhibition.

These resources might be deployed in:

- a. Supporting individual film makers seeking to pursue non-traditional, online and digital distribution and exhibition.
- b. Developing an online resource explaining and sign-posting web platforms and content aggregators for low and micro-budget films
- c. Develop and promote a Creative Commons model for low and micro-budget film makers to produce, distribute and exhibit their work online

- d. Establishing a co-operative or Creative Commons enterprise (e.g. platform, aggregator or information/expertise resource) dedicated to providing resources for micro-budget film makers to make and exhibit their work
- e. Establishing a ‘micro-capital’ scheme to support businesses seeking to pursue innovative approaches to non-traditional, online and digital distribution and exhibition.

Option 3e above might be explored with the EU sponsored European Microfinance Network ¹

4. The UK Film Council could devise a follow-on scheme based on ‘Digital Innovation In Film’ for film related businesses seeking to innovate or experiment in using the internet, web or other online approaches to sell low and micro-budget films directly to the public. In addition to NESTA potential partners might include internet, broadcasters and telecoms companies.
5. The UK Film Council could consider a distribution only or distribution led intervention to provide distributors with support specifically for the marketing and release of low and micro-budget films. Consideration should include whether this support is most effective if committed before the commencement of principal photography.
6. The UK Film Council could continue to work with Edinburgh International Film Festival to improve the way the festival showcases UK low and micro-budget features, perhaps requiring EIFF to target and account for its activity by reference to the budget of films exhibited.
7. The UK Film Council might explore with the other festivals supported by its Distribution and Exhibition Department, including any future applicants for support (and particularly the London Film Festival) means by which they can enhance their provision for the launching of low and micro-budget films.

¹The European Microfinance Network (EMN) was launched with the support of the European Commission and the French Caisse des Dépôts et Consignations (CDC) by its founding members (Adie - France, NEF - UK and EVERS&JUNG - Germany) in April 2003. The EMN is a Non Governmental Organisation registered in Paris. The network promotes microfinance initiatives and the development of micro-entreprises in the European Union. NEF (the new economics foundation) works on economic, social and environmental issues through a mixture of practical pilot projects and tools for change, in-depth research, campaigning, policy discussion, and raising awareness through the media and publications. It also incubates new organisations and campaigns to create long-term change in society.

Section 9 – Business Models

Few interviewees felt that there was a genuinely sustainable and practical model for the making of a series of individual films at very low budgets. Some film makers, however, embark on a low or micro-budget production with very precise and well defined ambitions and a business model which is well-constructed and evidence-based. Film makers who have worked in this way tend to be aware of the current, dominant value chain and have some knowledge of the market for UK independently produced films. It appears that such ‘informed’ film makers constitute a small minority of those active in the sector.

Many industry interviewees – especially those from the guilds and unions – expressed scepticism about the validity of the micro-budget business model and its benefits to many participants, either as a calling card, training ground or cultural driver.

Options:

1. The UK Film Council and Skillset could work with agencies already trusted by film makers – e.g. NPA, Shooting People - to better inform the makers of low and micro-budget films of their business context, including e.g.:
 - Sources of financial support and advice (including tax incentives)
 - The availability of training
 - Law and regulation (e.g. minimum wage, health and safety requirements)
2. The UK Film Council in conjunction with Skillset might commission a study of the effects on career progression in key departments of work on low and micro-budget feature production. This might cover:
 - New entrants
 - New department heads
 - Mentoring by experienced department heads of other, less experienced crew members
 - Cast progression (e.g. from supporting to principal)

The study could form the basis of recommendations covering, amongst others:

- Training initiatives
 - Actions by guilds and unions to inform or advise their members
 - Activity by strategic agencies to reduce abuses and encourage good practice.
3. The UK Film Council could facilitate the development of a set of principles covering the custom and practice of low and micro-budget film making including financing/recompense arrangements such as deferrals and profit-shares.

The objective would need to be, in the short term at least, to establish a set of principles not prescribe detailed practice – the analogy being with Open Source Software which provides a free-to-use resource, open to improvement, modification and adaptation by users. Partners in initial development (and ongoing review) would probably need to include guilds and unions.

4. The UK Film Council and Skillset might review the priority given to and the means by which it supports the research, discussion, guidance and instruction on business models and other relevant business skills within the industry, especially to new/recent entrants.
5. The UK Film Council could work with trade bodies and other stakeholders to showcase and champion industry approved proforma contracts to reduce the burden of legal work and regulatory compliance for low and micro-budget producers.

Partners might include NPA, PACT, N/RSAs, FEUK and the FDA

Sections 10 And 11 – Public Policy And Support

Section 10 of the report outlined the range of initiatives supported with funding from the UK Film Council and N/RSAs.

These are probably the most high-profile public sector interventions in the low and micro-budget sector, however a range of other public sector measures, whilst not specific to low and micro-budget films, are of potential benefit (e.g. the UK Film Tax Credit).

The legislative and regulatory context for film making – health and safety, minimum wage, contract and employment law – is as relevant to low and micro-budget film making as much as higher budgeted films.

A minority of low and micro-budget films appear to evade or ignore those legal and regulatory requirements.

To date it has perhaps been too early to assess the effectiveness of the different publicly funded interventions, however in terms of geographical coverage public support is patchy and inconsistent.

Options:

1. The UK Film Council could commission a review of the results of the various initiatives, compare them with fully private sector 'micro-studios' and assess whether they represent value for money and whether there are models of best practice that could be extended or replicated elsewhere.
2. An England or UK-wide network or consortium of micro-budget schemes could be created with the support of the UK Film Council and/or its partners, enabling UK-wide access but based in a limited number of creative hubs. The network/consortium could build on models, or aspects of models, already in existence. Such a network could be dedicated to:
 - a. Creative development
 - b. Business affairs
 - c. Contracting
 - d. Production finance
 - e. Physical production
 - f. Marketing and selling
 - g. Training regarding the above
 - h. Mentoring regarding the above,
 - i. Career and company development
 - j. A combination of or all of the above

Assessment of this option should balance the desirability of a joined up/holistic approach and the potential economies of scale and synergies that can be gained from co-operation against the risks that a monolithic structure could stifle diversity,

create bureaucratic, unwieldy structures, invest too much authority and influence in one body, foster asymmetric relationships between the lead body and the small businesses and new talents that it was meant to support and deprive the public the benefit of a 'portfolio effect' where the results which originate from the best (or most fortunate) initiatives compensate for worthy but failed experiments.

The strategic options outlined in the other sections above, especially under Section 9 (Business Models) also have the capacity to make a positive impact in terms of public policy and support.

APPENDIX A

Interviewees

Peter Buckingham
Tim Cagney
Lenny Crooks
Ken Hay
Adrian Wootton

Cultural Reviewers

Mark Adams	Critic and festival programmer
Berwyn Rowlands	Director, Iris Prize
Mark Cosgrove	Head Programmer, Watershed Media Centre
David Sin	Acting Director Independent Cinema Office
Alice Stilgoe	Robert Burns Centre (Dumfries)
Sophie Mair	Encounters Film Festival
Bill Lawrence	Pictureville Bradford and Sheffield Showroom
Jo Blair	Showroom Cinemas
Chris Harris	Showroom Cinemas
Cary Sawhney	Consultant and programmer

Appendix B

The Cultural Value of UK-Produced Low and Micro-Budget Feature Films

Overview

Given the concerns expressed by some respondents and interviewees during Northern Alliance's research into the production, distribution and exhibition of low and micro-budget feature films in the UK that a "bottleneck" prevents films from finding their audience, either in the UK or internationally, further research was undertaken to seek an objective assessment of the effectiveness of the current circumstances for launching a low or micro-budgeted film made in the UK.

A sample of films that had failed to achieve a commercial release or representation at a festival of major national or international significance were selected and viewed by 10 experts who were asked to assess whether the films could make a contribution to the UK's film culture and whether they merited such representation.

It is clear from the research that the majority of the films sampled do not have the potential to make such a contribution (75%) or merit such representation (83%), however there is a significant minority that do. Many of these may be marginal, however there appears to be a core of films, 10% of the sample, with clear potential to make a contribution to the UK's film culture that ostensibly fail to do so.

Given that currently around 100 low and micro budgeted films are made each year in the UK and 71% of them are not released commercially or represented at LFF or EIFF, this would imply that currently around 7 films are made each year that merit theatrical distribution or representation at the UK's leading festivals but don't achieve it.

Because the sample size was limited (to 48 films) and the sample frame from which the sample was derived (those respondents to Northern Alliance's original questionnaire), may not itself be representative of the entire population of low and micro budgeted produced films, caution should be exercised in extrapolating the results in this way.

It may be the case that only the makers of the more 'successful' films responded to the original questionnaire or the sample was not representative in some other way. Statistically, however, we can be 95% certain that at least 2, and perhaps as many as 13 films per annum clearly fail to achieve their potential according to the criteria adopted.

It must be born in mind that this remains an ultimately subjective view of the merit of individual films. One reviewer accounted for 60% of the 'core' (clearly valuable) films. It is possible that reviewer did receive a higher quota of culturally valuable films than the other reviewers, however the most likely result is that the random allocation was effective and that their opinion was more generous to the filmmakers than the 'average' reviewer, if there is such a thing.

Discounting all the results from this reviewer would result in only 3 films falling short of their potential each year. Other factors considered in more detail below further dilute the strength of the argument that there is a systemic failure in the means by which culturally valuable low and micro budgeted films are launched.

Summary Of Results

10 Reviewers recorded the following results after viewing the films allocated to them:

Number Of Reviews	48
Films Expected To Be Exhibited At EIFF/LFF	8
Percentage	17%
Films Expected To Be Commercially Exhibited	6
Percentage	13%
Films Making A Contribution To UK Film Culture	12
Percentage	25%

Methodology

Sample Frame And Population

423² UK films were examined during the research work for the original report, questionnaires were returned by the makers of 199 of those films, 55³ (27.6%) of which had either been commercially exhibited in the UK and/or had been presented at EIFF or LFF, the two festivals accorded the status of national or international significance by the UK Film Council.

Assuming that the initial research unearthed the vast majority of UK low and micro-budget films made in the period under review and that the experience of film makers that did not respond to our original survey were similar to those that did in terms of festival exhibition then there are 306⁴ films in the sample population, though only 144 in the sample frame⁵.

² 424 films were originally identified and this figure was included in the original report, one film was subsequently discovered to be shorter than feature length and has therefore been excluded from this analysis.

³ Similarly, one film originally reported as not being represented at a festival was exhibited at EIFF in 2008 and the original research findings have been appropriately adjusted.

⁴ 423 films identified less 27.6 % that are assumed to have been commercially exhibited or exhibited at EIFF or LFF

⁵ Theoretically the sample frame could have been extended to the remaining films however, apart from the budgetary constraints, this would preclude consistent reference to the responses from the 2007 survey in the analysis, e.g. regarding other UK or international festival exhibition / distribution secured for the films in question.

The difference between the sample population and frame could be significant and should be born in mind when considering the results. It may, e.g., be the case that responding to the questionnaire correlates with the seriousness of intent of the makers of the films. If intent is reflected in achievement then the sample frame could be positively biased towards the selection of 'better films' and the subsequent extrapolation of the results to the sample population may overstate the extent to which films that merit representation at major festivals fail to achieve it.

Similarly, the criteria adopted to determine success or failure in achieving a cultural contribution are necessarily simplified. Failure to secure a conventional theatrical release or representation at the UK's two leading festivals does not necessarily mean that a film's cultural contribution is constrained, as is demonstrated below (see 'results').

Sample Size And Basis Of Selection

The sample was selected using randomly generated numbers to select from an alphabetical list of titles within the sample frame. The sample size was principally determined by budgetary and time constraints. A sample of 50 had initially been targeted however due to practical limitations, principally the availability of DVDs, this was reduced slightly to 48; one third of the sample frame.

Work Performed

A panel of ten experts in the cultural value of film was selected in consultation with the UK Film Council and, again using randomly generated numbers as a basis, the selected DVDs were allocated and sent to them.

Each expert was asked to view the film and determine:

- Whether they would have expected the films to be exhibited at a festival of major national or international significance (i.e. EIFF or LFF);
- Whether they would have expected the films to be exhibited either in mainstream or specialised cinemas;
- And whether they considered that the films made a contribution to the UK's film culture (e.g. successfully addressed issues of social or cultural significance or innovated in form or content).

Results

It is perhaps not totally surprising that, in the view of the reviewers, 75% of the titles were thought to be poor according to all of the criteria.

Not all of the films were seen as being creatively unsuccessful, indeed, on the basis of the research, there appears to be statistically significant evidence that not all films that merit at least limited exhibition in the UK, at major festivals or in specialised cinemas, achieve their potential. 12 films, 25% of the sample, meet this criteria

though seven of these appear to only just qualify, leaving five films (10.4% of the sample) clearly within this category.

The confidence intervals around survey estimates vary according to sample size, population size and the question responses themselves.

For a survey question estimate of 25% (i.e. for 25% of the films in question, the expert's assessment is "Yes, it makes a cultural contribution") based on the sample size of 48, the 95% confidence interval is +/- 11%. For a survey question estimate of 10.4% the 95% confidence interval would be +/- 8%.

In other words, 25% of our sample of 48 films are deemed by our panel of experts to make a cultural contribution but have failed to be exhibited or represented at a festival of national or international significance and we can be 95% confident that between 14% and 36% of the films in the sample population of 306 would be so deemed. This would mean that between 43 and 110 films have failed to realise their full potential cultural contribution.

If we exclude those films that arguably are borderline cases, we can be 95% confident that between 7 and 56 films have clearly failed to fulfil their potential to make a contribution to the UK's film culture during the period researched.

Given that the UK currently produces around 100 low and micro-budget films p.a. the results indicate that between 2 and 13 of these films now clearly fail to reach their full potential each year.⁶ As noted above, however, given that 60% of the films sampled and deemed to have that potential were the result of the same reviewer, this conclusion itself appears to be open to question.

If the films reviewed by that particular reviewer are excluded, the percentage of films that have clearly failed to fulfil their potential to make a contribution to the UK's film culture during the period researched falls below 5%⁷ of the sample. Assuming this correlates to the entire population then on average 3 films p.a. would fail to achieve their full cultural contribution, though this is too subjective an analysis to be statistically valid.

However the two remaining "core" films in the sample on which this analysis depends do seem to have made some kind of cultural impact despite not achieving conventional distribution or being represented at EIFF or LFF. One was represented by WYSIWYG, an internet based distributor of films via, primarily, new media platforms (including the UK's Love Film) and the other was awarded the Raindance award by BIFA.

Critically, whilst within the artificial constraints of this exercise a proportion of films appear not to claim their appropriate place in UK film culture, this may ultimately

⁶ 100 films p.a. multiplied by 71% (to eliminate those that do already make a contribution via exhibition/representation) multiplied by a factor of 10.4% +/- 8%

⁷ 2 out of 42 (48 less the 6 films reviewed by that reviewer) = 4.76%

reflect a lack of ambition, expertise or experience on the part of the producers of the films rather than a systemic failure. The research may have merely highlighted a poor correlation between the skills required to make a film and the skills required to reach an audience for a film amongst the teams responsible for their production.