

Culture, Media and Sport Committee

Oral evidence: British film and high-end television, HC 157

Tuesday 23 January 2024

Ordered by the House of Commons to be published on 23 January 2024.

[Watch the meeting](#)

Members present: Dame Caroline Dinenage (Chair); Julie Elliott; Damian Green; Dr Rupa Huq; John Nicolson; Alex Sobel; Jane Stevenson; Giles Watling.

Questions 1 - 79

Witnesses

[I](#): Gurinder Chadha OBE, Writer, Director and Producer.

[II](#): Phil Clapp, Chief Executive, UK Cinema Association; Andy Leyshon, Chief Executive, Film Distributors' Association; and John McVay OBE, Chief Executive, Pact.

Examination of witness

Witness: Gurinder Chadha.

Q1 Chair: Welcome to this morning's session of the Culture, Media and Sports Select Committee. This is our first session of the Committee's inquiry into British film and high-end TV as we look at how we can build on the success of the industry and consider what more we can do to tackle some of the challenges that it faces, whether that is reliance on things like overseas investment, which was highlighted by last year's US strikes, the challenges of funding and showing independent film, or the uncertain risks and opportunities of AI, which is haunting some people.

We launched this inquiry last summer, 20 years after our predecessor Culture, Media and Sport Committee did an inquiry into the British film industry. There is no better place to start than by hearing this morning from director, writer and producer Gurinder Chadha, who gave evidence to that Committee back in 2003. She has not changed a bit. At that stage she was hot on the heels of the success of "Bend It Like Beckham." Since then, she has had many more successes and is now working with Disney on a forthcoming film.

Welcome back, Gurinder, it is great to see you. You gave evidence to our predecessor Committee in 2003. What are the most significant changes that you have experienced in making films over the last two decades?

Gurinder Chadha: One of the hardest things is just surviving. A lot of my colleagues have not survived as independent filmmakers. Often, when I meet people I have known back in the day, they come up to me and ask, "How do you do it? How come you're still making a living from making films?" That saddens me, because there are some very good filmmakers who started at the same time as me and who cannot afford basically to live.

That also is to say that, as a very distinct, independent British filmmaker, I often get very upset when I am trying to set up films because I think people should be running to me, saying, "You've made so much money, you've made millions for so many people, we should be giving you money to make films." Right now I am putting together an independent Christmas film set in London, very diverse, and it has been a real struggle for me to get that film off the ground, partly because the lead character is Indian. I have always had that with the films that I have made. People have always said, "The girl playing football, can she be Mexican, or can she be this?" but I have always stuck by my guns. It is just sad for me now that I get rejections from people who you think should know better. The pattern is always, "We don't know if it's going to be commercial because it's got a race element. It's very English, will it travel?" Then I go on and I make the films and people say, "Oh, it does work."

I had a similar experience with my last film, "Blinded by the Light," which I made in Luton, with the music of Bruce Springsteen, culturally very specific to Luton and the experience of a British Pakistani writer, Sarfraz Manzoor, in 1980s Britain. The link for me was the words and music of Bruce Springsteen, which he was writing in New Jersey in the 1970s; they were completely relatable to this kid in Luton. I thought that that was a great British film. Again, it should have been easier making that film, but I made it and it went on and opened at Sundance Film Festival. I made it for £6.5 million and it sold for \$17 million in a bidding war at Sundance. So there is a gap somewhere for me between people not thinking that independent British film is lucrative, is commercial, and can be a great industry.

I am here today as an independent British filmmaker. I have had opportunities to make studio fare in the past, but I have turned down those opportunities in favour of doing things that are more British, because they speak to me. Little things that are important to share with you that I am not sure other people will share is that I travel to a lot of countries in the world, and in every country I go to there will always be someone who smiles at me in a shopping mall or comes up to me in a restaurant or goes on about a film that I have made. Normally it is "Bend It," but it is also "Angus, Thongs" and often it is "Bride and Prejudice." Even yesterday, walking down Regent Street for the sales, people were smiling at me like this as I was walking along.

That sense of appreciation, I mention that because film is emotional and film touches people. It tells us who we are as a nation. Independent film is a very important voice. It is our passport to the rest of the world. While we have tremendous successes with "Willy Wonka" and the "Paddington" movies and big commercial films that are shot here in Britain, those are effectively studio movies. While I am very proud of all the talent that has gone into making them in terms of cast and crew—and, of course, David is an amazing producer who is looking big and doing big and we need those films—we also cannot stifle the independent talent that tells us what is going on in Ireland, for example, or Wales or Scotland or Liverpool or Hull. These are the films that tell us who we are.

Q2 Chair: How does that interdependence between independent film and studio-backed film work? A little bird tells us that you are potentially working on something with Disney at the moment.

Gurinder Chadha: Yes.

Chair: How does that work out?

Gurinder Chadha: Disney came to me. Disney approached me a year ago, the head of Disney, and said, "It's time for us to look at making an Indian princess film and you're the person to do it." That is because I made "Bend It" and "Bride and Prejudice" and these films, independent British films. That gave them comfort that I was the right person to do it. They could have easily got an American person who has done loads of



Disney films, but—a pat on the back to them—they came and sought, culturally, the right person. I have been working on the script with them.

At the same time I am still working on independent British films because that is where my heart is. In fact, the Disney princess is quite a British film, about a princess who is Indian, but it will become a very Disney-branded film. I am very excited about that process of taking my British independent film knowledge and turning it into a film that will be like a Disney princess film but always have that British sensibility at heart.

The thing about Britain is that Britain is incredibly diverse culturally and artistically and creatively because of its history. There is a 400-year relationship with Britain and India, which is why I am sitting here. I am able to traverse the international audiences because I come from a country that has had international relationships for hundreds of years. That is a very important point to make. I grew up in the 1970s and 1980s and went through a certain cultural situation, whereas my kids, who are 16 now, do not tolerate any racism or prejudice or whatever. They have active interventions at school and go up to people and say, "You can't say that, that's not allowed."

Therefore, when I talk about diversity, I am talking about kids who are growing up not knowing what people like me went through and who are seeing the world as an incredibly diverse country. Those are the filmmakers I need to encourage and I want to encourage and whose work I want to see. It is very nice when young filmmakers write to me and say, "You're the legend, you started us off." However, I say, "What are you doing? How are you getting on with things?" I do try to mentor people and give people advice, but I find myself still saying that you have to compromise to get it made; you have to do certain things to get them distributed.

The gap that you talk about comes down to casting at the moment. Whatever film you have made, you generally need a star or a star name in the cast for financiers to feel comfortable that your film will be seen and be distributed. I happily have made a lot of films without stars and, in fact, I have created stars. That is because I have gone out on a limb and looked at British talent. Keira was one of 40 girls who came in that day when I was auditioning. She came in and sat down and she was terribly natural. She just said, "I don't know what you've been doing but you've been in my kitchen, because you've written exactly what I say to my mum all the time." She was very authentic for me.

The same for Aaron Taylor-Johnson. He was 16 and this kid was in complete control of his performance and character in this one audition. Even though the studio at the time, Paramount, wanted another actor, who had a bit of a name, I pushed for Aaron because I just loved this 16 year-old kid. I thought that he had something special. He had a command of his art. So I took a chance on him in a studio film, an unknown actor, who now could be playing Bond.



It all starts here. Independent filmmaking is where it starts. A lot of people then go on and make studio film, and that is great, but without that sense of identity and who we are. I am often quite envious of the French. They have a fantastic film culture and they have a fantastic sense of who they are culturally in terms of humour, thrillers and everything. They have such a strong identity because they have maintained that with their language and French-speaking films.

We also have that if we are allowed to make those films. The government incentives for independent filmmaking are vital. My Christmas film right now is coming together because of my UK tax credit benefits and my UK distributor, a new company, True Brit.

Chair: We will come on to the finances in a second.

Gurinder Chadha: Sorry, I have gone on.

Chair: No, fabulous, we love it.

Q3 **Giles Watling:** Gurinder, it is great to have you here, and what a great champion you are for the industry. You mentioned that you had a lot of kickback in the early days, and still do, from people who say that it is never going to work, you do not have a star, it is an Indian, can they bend it like Beckham and that sort of thing. Is that from distributors, producers, finance people? Where does that kickback come from? You have to be very determined to crash down those walls, don't you?

Gurinder Chadha: It is an industry-wide thing, because this is a business. We are an industry and it is a business. Everyone is looking to mitigate their losses. Having a name gives comfort factor to distributors. Having a name gives comfort factor to exhibitors, obviously, and a cast will often want to work with other people who they might know, as opposed to unknowns. It is very hard. If I was starting today, I do not know if I would have been able to get "Bhaji on the Beach" off the ground. In today's climate I do not know if people would take a chance on me. I only got a break because two things happened. First, the British Film Institute had a new scheme at the time called New Directors, where they were offering a £20,000 grant to people who had something to say and who had not been to film school. They had something to say and wanted to make a film. I wanted to make a pop promo about a very important bhangra band that had just emerged. I was all about bhangra because to me it was British and Indian and it was the first expression of something that represented me, as opposed to what my parents were.

My friend Kate Webb said, "Why don't you apply to the BFI?" She was a big film person. I said, "I can't make a film, I haven't been to film school." She said, "People who go to film school don't know what they're doing. You have an idea, apply." She helped me apply and then I made my first film "I'm British But ...," which is about identity. I spoke to four young British Asians.



Q4 **Giles Watling:** You did not have those kickbacks then?

Gurinder Chadha: No, because I had the BFI supporting me and saying this was great, it is a new voice. That was a big break. After I made that film, which is available on BFI iPlayer, if you are interested—

Giles Watling: Shameless.

Gurinder Chadha: Shameless, yes. After I made that film a woman who ran Film4 at the time, Karin Bamborough, saw it. Karin said, "Wow, this is a new British voice, I'm going to support this." She plucked me up, brought me to Film4, and helped me to make "Bhaji on the Beach."

Q5 **Giles Watling:** Finally, if I may, the industry has not changed much.

Gurinder Chadha: It is still who you know.

Giles Watling: Who you know and chance and it still is star obsessed. If, for instance, I say I have Tom Cruise, the movie gets made?

Gurinder Chadha: Absolutely.

Q6 **Alex Sobel:** It is great to have you here. My children loved "Blinded by the Light." It is quite an achievement to get two teenage boys from Yorkshire wanting to go and visit Luton. It shows the emotional connection your films have.

You just spoke eloquently about the issues. When you were last here in 2003 at the predecessor Committee, you spoke about the challenge of raising finance for "Bend It Like Beckham." Clearly, since then, as you have said, you have progressed in the industry and you are much better known now. However, the evidence is that it has become harder for independent producers. You mentioned film tax relief and that BFI scheme. Do we need to do more? Do we need more schemes? Do we need more support from different parts of the industry and from government? What do you think we need to do to ensure that there is the right environment for independent producers?

Gurinder Chadha: I think that a tiered tax incentive is great so that if you are an independent film under a certain budget you get a greater tax credit than perhaps the more studio-backed films. I think that a tiered credit system is very good. Something that encourages first-time filmmakers is good as well so that producers are incentivised to develop talent.

I go back to a time when UGC owned a lot of our cinemas, a French company. It had a policy where, in all its screens, one screen would always be for independent British films. I thought that that was an amazing thing because it was literally from egg to omelette. People needed British films to show in the cinema because here was a cinema chain that had set aside a screen for them.



That plays into the idea of industry. It is industry. That incentivises people to make films that are cinematic because it is going to be on in a cinema. Those cinemas have to book those screens, so they need the content. I would bring exhibition and distribution into this by earmarking space in our cinemas for British independent films. That also means that for people who do still love going to the cinema you have a curated place. Therefore, every Friday night you can go and see the British film. You might not know what it is and it might not be your genre or whatever, but you know that every Friday there will be a new British film and you are going to support that. You start that culture. That is what I would do.

Q7 Alex Sobel: I will quote that to Phil Clapp in the next session. The other thing that you mentioned was that colleagues have dropped out over the years that you have been doing this and have gone on to do other things. In the period when you started, when you did "Bend It Like Beckham," it went to cinema and it went to DVD. Now we have a scenario where we have some films that are streaming on TV at the same time as they go to the cinemas. How has streaming changed the role of producers in raising finance? Has it made it easier or harder?

Gurinder Chadha: On the whole, streaming has been a good thing for both us and consumers, because they need content. I have a film with Netflix myself right now, quite a big film. I think that they are a great place for people to go to for independent film, because they have the finance and they have the exhibition and they need content. What scuppers you, though, is that you are back to the same thing of who your star is, who the name is. When people are scrolling through for what to watch, they need the name to say, "Oh, it's a new film by ..." I find that quite disheartening.

One of the things where I came a cropper when I was trying to make my film—I have been trying to make it for about three years—was that Apple had a similar themed film with two big stars. Everyone kept saying, "Oh, no, they are already making that film and it's with Will Ferrell and Ryan Reynolds, so your film hasn't got a hope in hell." However, that was such a different film and my film is very different. In the end, that film came and went and not many people saw it and it could have been much better. I had to wait for that to pass and then people said, "Oh, yes, that didn't do very well." Because that film did not do well with two stars, there is a perception that mine might not do well either.

The industry is still regulated, I think, by those big stars and by those tent-pole films. What we need is the sense of our own British culture. I am old enough to remember when Film4 started and David Rose was the first commissioning editor at Film4. Here was an opportunity for a broadcaster to create something that was going to be British cinema. Prior to that we had Ken Loach and Mike Leigh probably, who were putting out films. However, when David Rose came along and Film4 came along, there was a burst of the possibility of what British cinema could be. We had amazing films like "Letter to Brezhnev" and all these films set



in the north and the south. "My Beautiful Laundrette" was another one. They all came out of that visionary space where David Rose said that he was going to create a British cinema industry culturally, creatively, and gave money to that.

That is what I long for, that sense of vision where people say, "Here we are, this is the British industry and these are the films we make." They might not all have stars but they are really good because they are relating to us. They are about what is going on in our culture and they are about what is going on around us and, "Oh, this actor has broken out, this actor has broken out, they're a star now, they're this, they're that." It is about nurturing the talent and assisting in creating our culture, not just being at the mercy of finance.

Q8 Alex Sobel: You just spoke about making films in the north. I am an MP in Leeds. Channel 4 has moved to Leeds and it has changed our dynamic in Leeds around production. "Bhaji on the Beach" is a Blackpool film, but I imagine that you did not do your post-production in the north of England. It is a big issue that we have that there is a lack of post-production facilities in the north, although there is a lot of production. How do you think we can address the issue of post-production being more spread through the UK so that there are fewer regional differentials, to ensure that parts of the film industry in the UK are not gravitated towards London, which is what is happening at the moment?

Gurinder Chadha: Again, it is an industry. For example, if your production is based in a studio like Pinewood or Ealing or Twickenham, your production base will be around there and, therefore, your post will be around there. One of the ways is to create studios in the north and start bringing the industry there. That is what happened in Northern Ireland with "Game of Thrones." The way that the industry just exploded in Northern Ireland from that one show was incredible, so one could do that.

I think that that is a great thing because, for example, people use Liverpool a lot for New York of a certain period. We have tremendous landscapes across Britain that can double for all kinds of countries. A lot of people go to Prague to shoot England because it is cheaper and the studios are cheaper and the workforce is cheaper than doing it in England. Part of that issue is that the studios do pay top dollar for studio space, and another problem for independent filmmaking is not being able to get that studio space because it has all been bought out by lots of episodes of "Star Wars" spinoffs.

Having our own studios dotted around the country is a great thing and people will come to those studios and develop artists and creatives in those areas if those studios are set up. I am not going into a studio space right now with my film. I am using an old disused school in north London that is owned by the temple in Neasden. They bought an old disused school across the road and it works amazingly. Other films have used it, too. It is much cheaper for my budget and it has a massive outdoor space



where I can build a great outdoor set. When you are working to a budget as an independent filmmaker, you are always looking at how to make your money go further. If you are offering me a financial incentive to go to Leeds, which halves my budget, I will go to Leeds.

Alex Sobel: I will keep that in mind. Leeds doubles for Moscow, so if you are ever doing anything in Moscow, come to Leeds.

Q9 **John Nicolson:** Thank you very much, and welcome.

Gurinder Chadha: Good morning, John. I retweeted your tweet this morning.

John Nicolson: Good. You have come up with a number of memorable lines so far. You began rather bleakly saying, "One of the hardest things is just surviving," which is quite chilling. Then you went on to talk about how hard it is to get investment if you had an Indian lead character. Talk us through that. Why?

Gurinder Chadha: On the bleak thing, let me say one thing. I was quite an impoverished filmmaker and then I made a film about an Indian girl in football and I suddenly had money. I did the good Indian thing: I bought a property, a lovely flat in Soho.

John Nicolson: So did Keira Knightley. She bought a house three doors down from me, funnily enough. I see the crowds outside her house whenever she emerges for a premiere for anything.

Gurinder Chadha: Bless. That flat has been amazing for me because I have been able to have a rental income that allows me to not have to worry about a mortgage. Other people do not have that. That is why I have a safety net; it is that simple. I have that safety net of not worrying about a mortgage because I have a rental income from that flat. That is one reason why I have been able to survive as an independent filmmaker.

On the Indian thing, it is still—I do not know. We are not commercial, are we? Unless we have Dev Patel in it, it is not commercial.

Q10 **John Nicolson:** Let's be blunt, is it just naked racism?

Gurinder Chadha: Yes, it is this perception that people will not want to see a film that culturally does not reflect them. That is what it always comes down to, which is why I always push for it. I always push for that, because I always have to prove that what I am doing—basically, I am always trying to push what is British and British culture.

Q11 **John Nicolson:** I know that that is what you are pushing, but why are people pushing against you? You can say, "I have a track record of finding young stars. I've shown that I can do it, and this is a young Indian star," so why are people saying that they believe you when it comes to the white stars but they do not believe you when it comes to



the Indian stars? That must be racism.

Gurinder Chadha: Absolutely, because at the end of the day it will be much easier to make films if you have a white cast than a cast of colour. You can talk to any person-of-colour filmmaker and they will tell you that.

Q12 **John Nicolson:** Is it just Indian?

Gurinder Chadha: No, black as well. Why has there not been another—

John Nicolson: There are a lot of fabulous, young, black English stars are around.

Gurinder Chadha: Yes, absolutely, but how many home-grown black independent films do you see? There are a few, definitely. Do not get me wrong, there have been a lot recently, and with the BFI support, definitely.

Q13 **John Nicolson:** Is it harder for Asians in general than any other minority group?

Gurinder Chadha: We do not have the stars in the same way. If you get Idris Elba, bang, you're done; John Boyega, great. But these are all people who have worked hard to be where they are and there is only a certain number of films that they can do. However, if I were to cast a new kid out of film school and try to make a film with them as the lead, it would be hard, yes.

John Nicolson: An Indian kid. But not as hard with a white kid?

Gurinder Chadha: Yes.

Q14 **John Nicolson:** That is very disturbing, isn't it?

Gurinder Chadha: Yes. I can only talk about my experience. That has been my experience on the film I am making right now.

Q15 **John Nicolson:** Everybody has seen "Bend It Like Beckham"—or "Bend It," as we now discover you call it—and I have read—

Gurinder Chadha: There is a journalist in India who calls me "Bend It Queen," which is quite funny.

John Nicolson: You are. I have read that the film has been inspirational for generations of young women soccer players, cited by Scottish, American and English soccer players, and of course it had a big impact. Talking about indie films, some of the indie films made in Scotland—for example, "Trainspotting"—had a huge impact in the 1990s, but the new generation of films made in Scotland—I hope I am not being unfair—"Outlaw King," for example, and "Trainspotting 2," had much less impact both at home and abroad. As people are learning about this mostly from a standing start, can you tell us why this new generation had less impact when they were released?



Gurinder Chadha: I think there are still films being made that do have impact. The thing with film is not every film will be a hit. I had made three films before "Bend It" became a big hit. You need to have the volume of films—

Q16 **John Nicolson:** Volume or quality?

Gurinder Chadha: It is both.

Q17 **John Nicolson:** Is it the case that "Outlaw King" and "Trainspotting 2" were not as good?

Gurinder Chadha: Yes, it could be. There was "Gregory's Two Girls" as well; that was not as good as the original. I think that is slightly unfair because generally the statistic is if you finance 10 films on a slate, one will be a super-duper hit, two or three might be a reasonable hit, another two might be okay, and four will be duds and fall apart. There is that statistic so you cannot expect every film to be a hit, but you need the volume and culture of it. Right now Scottish filmmakers are probably glad to get their films off the ground and get them made and it is a big break, because there is not the volume. If we had the same volume that was going on with David Rose, for example, he went, "Liverpool, Leeds—regional, regional, regional, regional." After "Trainspotting" David Aukin did "Bhaji on the Beach." It was a period when people were looking at Britain and saying, "These are great voices. Let's invest in these voices; they have an interesting take on the world. It sounds interesting, let's do it." Out of that came great films that were not looking to go, "Are we going to be big in New Zealand? Are we going to make it in America?" They were showing the world culturally who they were and what they were.

Q18 **John Nicolson:** We probably should not romanticise because famously "Braveheart" had difficulty filming because they could not get the budgetary breaks. If I remember correctly, they had to use Ireland for those fabulous Scottish scenes of Celts escaping from the yoke of the English; an ongoing theme. They used the Irish Army for those scenes and people said, "We have to give more tax advantages." What role do you think tax relief plays today?

Gurinder Chadha: I think tax relief for someone like me is the cornerstone of why you make a film in Britain, because you know you are guaranteed inward investment to a certain level that you can then build your film around. Some places offer 40% tax credit, which is amazing.

John Nicolson: Italy.

Gurinder Chadha: Yes. Saudi Arabia is trying to build its film industry, and India has introduced a tax credit as well.

Q19 **John Nicolson:** France 30%, Ireland 32%. All those countries are giving bigger tax breaks than the United Kingdom. It is a no-brainer, isn't it? If you feel that you could—as you pointed out—make Budapest or Prague



look like a Victorian city in the United Kingdom and you get bigger tax breaks, why would you not go there?

Gurinder Chadha: Absolutely. Let's take "Blinded By The Light" for £6.5 million. If I had a 30% tax credit on that, that is just over £2 million I already have, then I have a UK distributor that I would get another £2 million from for a UK film—push for that. A third is tax credit, a third is UK sale, so I have only got to look for another third, which I can get by selling a few territories, or I can get a bank loan. It is much easier now for me to get that other third. Then here is what happens. I have my budget. I go out and make the film I want to make, but also what the UK distributor wants, and then I have the whole world to sell. Then I go to Sundance, launch my film, and then suddenly it sells for much more than I made it for and everyone is quids in, but the profits are then going back to the British film industry through the tax credit. "Bend It Like Beckham" only happened because of the UK tax credit. No other reason. I had been rejected left, right and centre but the UK Film Council came in after much fighting from me—but that is another story. I pushed and pushed and pushed. It happened. As soon as I got that £1.1 million other people went, "Oh, okay," and then Red Bus came in.

Q20 John Nicolson: We write a report at the end of this so I will conclude by saying: in a nutshell, if you could put a sentence in this report that you would like us to include for the Minister's attention, what would you like us to say?

Gurinder Chadha: I would like you to say: increase the tax credit support for independent filmmaking because it will come back to you in droves, and it is a fantastic way to inward invest in the British film industry. If that film does well and makes profit it is all coming back to you, as opposed to going to a private equity firm or a bank or somewhere else where you are trying to get that money.

John Nicolson: I think we have a line. Thank you.

Q21 Damian Green: I want to pick up something Alex asked about and explore the difference over the 20 years of your evidence sessions, which is a slightly weird thought. You said in 2003 about "Bend It," "I wanted to be in Britain and make a British movie, but I wanted to make one that will play multiplexes." Is that still as big a driver now as it was 20 years ago?

Gurinder Chadha: Yes, commercial films. I want to make commercial films. I always intend to make commercial films. The reason I am making a Christmas film is because I want it to be there every year. I have not set it up with a streamer, I have done it with a British distributor, because if I sell it to a streamer I have to sell the whole lot off. If I do it in the way I have done it, I have the possibility of earning from it every year.

Q22 Damian Green: Are Christmas films pensions like Christmas songs are if you have one hit?



Gurinder Chadha: Yes, so that is the commercial side of me. However, I am still trying to make it diverse. It is "A Christmas Carol" but my Scrooge is an Indian Tory who hates refugees. Then we go on that journey with them and hopefully they have reclamation.

Damian Green: That is an excellent thought.

Gurinder Chadha: I did not want to bring party politics into this but I am afraid I had to.

Damian Green: Very dangerous in front of a Select Committee.

Gurinder Chadha: I did tell the Prime Minister about it and he said, "Oh, don't make me look bad" and I said, "I don't have to do that for you, Rishi." Anyway, the film is fun. It is British, it is Dickens, it is very close to Dickens's original themes, given our cost of living crisis in Britain. However, by making it an Indian Scrooge it changes everything in terms of how I get it financed because suddenly people go, "Oh, it is not commercial, it is small, it is an Indian film."

Q23 **Damian Green:** I understand the commercial point, that you do not lose all your IP to the streamers, but you say you make product for the streaming companies as well. Is that because they are the only people who will fund those?

Gurinder Chadha: Someone like me has to have about five projects on the go always. That is how we survive. We have different projects with different people and we are constantly pushing. My Netflix project is a project that came to me via another producer, a big Hollywood producer, in fact, Jeff Kirschenbaum. He sent me a script that I liked the premise of but it was not executed well. I rewrote it and then Netflix bought our rewrite; my husband wrote it with me. Netflix bought our rewrite and that project is now with Netflix.

Q24 **Damian Green:** What I am pondering is whether we are all being nostalgic about film delivery. I can see from your commercial point of view you would rather have the movie financing because it could be a pension for life, as opposed to handing it all over to the streamer. However, there is a separate argument, is there not, that there is something good about going to the cinema and having a collective experience as opposed to doing it at home?

Gurinder Chadha: Absolutely. I remember going to the cinema to watch "The Inbetweeners" movie, which people might look at me and go, "Oh, that is her cup of tea." It was a British film. I said, "I am going to go and see it this opening weekend." It was amazing in the cinema. It was packed full of people wanting to look at the screen and laugh with these four losers. In America they do not get half those jokes but we all got them and it was a very important cultural experience, I would say, going to the cinema to watch that film with people who you might not normally go out and have dinner with or whatever.



My thing is that I want to hear stories; I want to see stories about all kinds of people across the length and breadth of Britain. Ken Loach has been doing this for years and he has such a loyal following in Europe and around the world. That is how he gets his films financed.

Damian Green: Nobody has ever gone to a Ken Loach film and laughed with strangers; let's be honest.

Gurinder Chadha: At "Raining Stones" you will laugh. It is a brilliant film.

Q25 **Damian Green:** I am pummelling audiences here because if people are choosing to stay at home and watch Netflix, then they are choosing to do it. You said in your previous evidence that why America has such a strong cinema-going public is because they have crap TV. They do not anymore.

Gurinder Chadha: Yes, but one of my esteemed colleagues here told me earlier that people who watch movies on streamers also go to the cinema because they love film. They are watching it on streamers and the cinema. I am the same. I will certainly watch things on streamers, but sometimes when a film comes out that I want to see in the cinema I will go and see it in the cinema. The Bob Marley film I will go and see in the cinema for the music experience and the atmosphere and everything. We live in a world of streaming and we have to embrace that, and British cinema is alive and well on certain streamers. Going forward we are looking at both things; we are looking at streaming and at cinemas. We have to look at both.

Q26 **Damian Green:** So it is not either/or?

Gurinder Chadha: No, it is not either/or. We are not in that world anymore. There will be some other invention pretty soon that we will also have to start embracing. We are not luddites; we have to go with the way our industry is changing. What I am talking about is who are we to be reflected in the art. "The Full Monty," great film; "Billy Elliot," great film. These are films that told us who we were and made us laugh and cry because we understood how desperate you would have to be in Sheffield, the poverty, unemployment at the time, to force these men to do what they did. It was not a depressing film; it had that northern chutzpah. An American cannot make that film. That is the difference. We make films about us in the way we make them. I cannot watch certain content that is set here that is made by Americans because I am sure, like other people, we go, "Huh? What?" I will not name the things but you know what I am talking about, I am sure, big period dramas. It is because it is made for an American audience. I come back to culture here. Yes, we all speak English, but culturally what we are saying about who we are is the cornerstone of what British cinema is and should be.

I am lucky enough to have two amazing statistics. One is that I am the only filmmaker in the entire world that has made a film that has been distributed in every single country in the world, including North Korea,



and that is "Bend It Like Beckham." That small film that I struggled to make for three years is the only one that has been seen in every country. You have to ask yourself why. Because it has a purity about it. It is about racism and about migration and about the struggle of an older generation trying to protect the kids but then realising that their kids are different and they see the country differently and they have to go and fly and make their own decisions. This is a universal experience but set in Southall and Hounslow. It is universal, which is why it travelled.

The other statistic is that after that film people kept wanting me to make a Bollywood film because I was Indian. I said, "I cannot make a Bollywood film, I am British" and they go, "No, no, no, you are Indian after all." I said, "No, I cannot do what you do but if you want me to do that I will make my own version." I took Jane Austen and I adapted Jane Austen into a Bollywood film called "Bride and Prejudice." That is the only film ever that has opened number one in the UK box office and the India box office.

Culturally, those are amazing statistics and I would love to see filmmakers here from all different backgrounds being able to have those statistics about their work. We as a nation should feel like, "Wow, that film is from Southall, man, that is from Hounslow." I go back to how I started, with people around the world coming up to me all warm and fuzzy because I have made a difference to their lives in that way. That is what we can do here if we go back to having a vision of who we are as a nation and encourage independent filmmaking to take that forward with integrity, is the word I am looking for, where you have the financial support so that you do not always have to compromise commercially. That is what we need. I am a Sikh and I fight and that is why I have done it.

The reason I said that—and sorry I got a bit emotional—is because people do look at me to show the way forward. If I say, "I am struggling to make a film with people of colour," that is a terrible thing to be saying. Me saying that to young filmmakers of colour, that is a terrible thing. That is what has to change. We have to change it so that people can come to me and go, "I have this great film and it has a black lead or an Indian lead and I think it would be great," and instead of me immediately going, "Oh, God, you are going to struggle," I want to be able to say, "You do this. You go to this person, you do that, you put it together like this. Cut your budget down, do this, you can make it."

Chair: You have almost anticipated Rupa's question.

Gurinder Chadha: That is the difference.

Q27 **Dr Rupa Huq:** Gurinder, my heart leaps with pride. You have mentioned Ealing Studios, Southall and you are fellow daughter of our borough; we are proud to have you here today. I think the first time I saw "I'm British But ..." you were in a leather jacket with a bulldog.



Gurinder Chadha: Yes, Union Jack socks.

Dr Rupa Huq: That is the one, yes. It was a BFI panel where they had shorts, so there was Tanika Gupta as well, I think. That was probably mid-1990s because I was doing a PhD on representation of Asians—

Gurinder Chadha: I made that film in 1990.

Dr Rupa Huq: I think probably “Bhaji on the Beach” was current then but it was too long to show in a shorts festival. We have all the quotes from you in 2003 when you came. Since then, do you think that you as an Indian woman director have opened up doors for the next generation? When we look at the figures it looks a bit shocking. What has happened?

Gurinder Chadha: I wish I had been able to open more doors. There is still not many of us around. There are a few more but I worry why there has not been another “Bend It Like Beckham.” Why did nobody try to make five more of those? Why did people not go, “That made a lot of money. This is the formula. Why are we not doing more of that?” That is what I feel that an industry should be looking at. Look at the successes and try to mirror those successes.

Q28 **Dr Rupa Huq:** There is the commercial success but also the content. This thing that a bunch of us talked about in our PhDs in the 1990s, the burden of representation. You said at the beginning that you sometimes have to compromise. I think the opposite is “East Is East,” which I hated myself—I do not know what your opinion on that is—but it divided a lot of us. Do you feel as a British Asian, Indian, Punjabi, whatever, that you have to put this content to educate people? With “East Is East” I felt like I was being banged on the head with lead piping because there were so many clichés in there. Those films were so rare and you had something like that; I personally did not like it, but I do not know what you thought.

Gurinder Chadha: This is a very good question because “East Is East” and “My Beautiful Laundrette” come from the hearts and minds of mixed race Pakistani guys; Pakistani fathers, English mums. That is their experience. That is not the same experience as me. One of the problems that I had in setting up “Bend It” was the guy who ran Channel 4 at the time said, “We have already done ‘East Is East’.” Why do we need to do another one?” That was literally what he said to me.

My point is that I am 100% British Punjabi and my films represent that. I feel that my films come from the inside out of my experience. That is not to say that someone could not make a film about British Punjabis who is not a British Punjabi. I have a certain knowledge that I have grown up with and my reflex actions and thoughts are all there. If I am going to make a film about another community I go the extra mile to try to figure that out. What was your question, sorry?

Dr Rupa Huq: I wondered whether you feel you have to do films about Asian-ness or you could do a standard film.



Gurinder Chadha: No, I do not. My life would be a lot easier if I did not. There are films that I have turned down that have been very successful that have a small Indian element that I did not relate to. I did not relate to those characters and I could not understand those characters, so I did not do the movies. They went on to be very successful movies but that is okay, it is just not me.

I do not feel it as a burden anymore because I have given so much pleasure to people. All the English football champions and the American team, they have all quoted "Bend It Like Beckham" being the film that got them into playing soccer in the first place. Every time England plays or there is a World Cup I am always wheeled on to the news to talk about this. I have that; that is fantastic, and I have launched champions as well. I do not feel it as a burden; I enjoy it.

My Christmas film is hilarious. It is so funny and it will reflect us all because we all know Dickens. From this perspective it is saying, "Here is Dickens over here. Here is the way other people have done it at the BBC. Here is Gurinder who has gone over to here by doing it in a way that you could never have imagined." By doing it in a way you could never have imagined you go back to looking at Dickens and you go, "That is very British." The first person I sent the script to was my friend Stephen Fry. I said, "You are Mr English Literature, read this. Is it rubbish or is it really good because it is Dickens but done in a totally different cultural way?" Thankfully, Stephen responded super favourably. Basically, he said he cried buckets when he read it because he was so moved with how touching it was to take what an English writer had written all those years ago and how relevant it was to Britain today in terms of diaspora culture and the cost of living crisis today.

That is what I do as a filmmaker. I show a mirror back to you and go, "This is us." It is political because I want to stand against a lot of the dogma and the rhetoric and the racism that I see expressed politically out there. I turn it around by telling you human stories that challenge how people use the race card, I think, in this country.

Q29 **Dr Rupa Huq:** This quote that we have from 2003 is exactly what you said again, that you get wheeled out to do all those panels. I think you might have been there at the one I am thinking of that I went to, on culture representation and politics, which has a strange acronym.

Gurinder Chadha: Here I am again, thank you, but now I am a different person.

Dr Rupa Huq: It is not burdensome, you are reconciled with it. It is not annoying that you always have to be a spokesperson for every British Asian?

Gurinder Chadha: Yes, but I am for football now as well. The thing is that I am a very proud British filmmaker, which is why I do not have a house in LA, which is why I entertain American films but my lens is

British. I see the world as someone who came here as a baby in the 1960s and has grown up here. I culturally want to give back and reflect who I am and who my parents were and who my cousins are and who my friends are in the work that I do. There are so few people who do that from my perspective.

I made a historical film called "Viceroy's House," which was about the last days of the British in India. It is a very British film about history and partition and for Indians it was not anti-Pakistani enough, interestingly, and for Pakistanis it was not anti-Indian enough, but it was a British film and it looked at new documents that are in the British Library that tell a very different story of why partition happened. It was about the cold war and all that. It had a different narrative to what we think of Churchill and Mountbatten and that time. It is a different narrative because it is from a British Indian perspective. That is the difference. Now when someone like me talks about Empire, for example, I will not necessarily do it with a stick because I am British, but I still have to make my points about Empire and who I am and how we have all got to where we are, but I do it in a very considered way as a British artist. We have to make our points about history but we also have to move on.

Culturally, I want to see period films from my perspective about our joint history. It is time for that. My kids and their friends do not get taught that at school so it is up to someone like me to tell those stories and empower them. I could never get a film like that financed, never. I know I could never get the film I am thinking of in my head financed, so I am talking to the National Theatre about doing it as a theatre piece. Once it is done as a theatre piece, then it might turn into film. That is an example of how I am pushing culturally to try to get my stories out there. The best thing that you all can do is to help people like me and younger people like me who have very interesting backgrounds culturally, growing up in all parts of the United Kingdom, to tell their stories so that we can all know who we are by watching our own stories, not just American fodder.

Q30 Dr Rupa Huq: How do we break the logjam of these terrible figures: 1.4% of directors are BAME, 3% of producers? We are not our parents' generation, who were quite wedded to medicine, law, engineering and pharmacy. How do we get the next generation through to improve this?

Gurinder Chadha: There are a lot more Indian filmmakers around now. There are a lot more actors. There are a lot more producers. I watch the credits; there are a lot more names up there. There are a lot more black people. There are a lot more people trying to do it and I think that you have the opportunity here to help. When you write your comments and you are writing your report at the end, I would urge you to think about the young me starting out and other people like me and what it is that they need so you can sit in a cinema and watch a film set in Bristol or set in Glasgow or set around the country showing you a heart-warming or

great story that reflects who we are, whose voice you will not hear otherwise.

- Q31 **Chair:** Gurinder, can I interrupt you on that? You have talked a lot about Film4 having a vision for British film. You spoke a lot about how the BFI helped when you were starting out. Very briefly because we are pushed for time, do you get the sense that the public funders, BFI, Film4 and BBC, are showing the same ambition now that they did in the 1990s when that was happening?

Gurinder Chadha: Some of them are, yes, and I think all those bodies do care about British cinema. I think that they have all done what they think is right to launch new voices and develop talent, I would say that. I would say they all need supporting to be able to do their job better. Again, I come back to the fact that we are an industry. BBC, Channel 4, they have to support but there also has to be a certain commercial imperative there. If we have a larger chunk as independent filmmakers it is easier for us to bring the rest of the finance in and get those films made, but that larger chunk comes back to you. It comes back to the industry. For every film that does get made with a voice from someone from Leeds, say, or Glasgow, someone else sits there going, "I can do that, I will do that," and that is how it grows. We see ourselves reflected and that is what inspires us to do other things.

- Q32 **Jane Stevenson:** I have been sitting here trying to pitch my fantastic Wolverhampton constituency for a film. We have the Kabaddi World Cup and a massive Sikh community, so I am trying to tempt you to make your next film in Wolverhampton. I am very excited about the Kabaddi World Cup.

Gurinder Chadha: I started my career at Radio WM and one of my first stories was in Wolverhampton when the Dunlop factory caught fire. I was the reporter on the ground.

Jane Stevenson: You are very welcome back.

Gurinder Chadha: I know Wolverhampton.

- Q33 **Jane Stevenson:** I would like to turn to the use of AI in filmmaking. As a director and a writer, I think if I were making films I would be tempted to max out on some technology. I do not know if it would be cheaper or allow my imagination to run riot. Because we are pushed for time I will ask for your general thoughts around using AI and where you are comfortable or not comfortable, and maybe touch on AI using your body of work to teach itself. Where are the ethics and the morals around it?

Gurinder Chadha: This is the \$64,000 question for us right now. Where is this all going? How do we use it? How can we use it with integrity? It is an amazing technology that has now been presented to us. I watch my son every night on Fortnite or whatever it is he is playing with all his mates and there are all these women running around and to him they are real. These are real characters. That world is with us; we have to



embrace this world. What we have to do is figure out how to use it to our best advantage. The problem I have with AI is it is very generic. Everything is very generic. How you create things, the storytelling, it is generic. What we will always need is those specific voices to either manipulate AI or specific stories that AI cannot simulate.

- Q34 **Jane Stevenson:** As a writer I think that is evident, but perhaps if you are directing and you can have someone's image. I was saying to Giles earlier that I could resurrect Rudolph Valentino to star in a new film; no copyright issues, so that would then be down to the tech person if my imagination as a writer is what will give that film legs. Is that something you have thought?

Gurinder Chadha: It is a bit creepy for me right now. It feels a bit creepy. I feel that as an industry we need to safeguard creativity, and I think as long as you are not being duped and you are aware that this is computer generated and this character is not a real character. When you are being told that this is a real person because they have taken someone's image but they have created a false image, I think those are the questions that we have to start asking ourselves.

I had a very interesting conversation with my make-up woman the other day because she said this technology is there to make people look younger, absolutely, and you can do that on screen. Harrison Ford in that movie looked much younger but, she said, he still moved like an old man. His gait was still like an old man, so you did not buy it. You can look at it in a picture and go, "Yes," but his mannerisms and everything were old. I think we have a way to go before we believe it, but it is a scary thing for me right now as a creative.

A friend of mine who loves ChatGPT said, "Why do you not do a sequel to 'Bend It Like Beckham'?" and I said, "Maybe, I will think about it." He put that into ChatGPT and sent me some pages and said, "Look, I have done it. What do you think?" It was the biggest pile of rubbish I have ever seen. It was terrible. It was very generic and bad. However, I am sure it will get more sophisticated as we go on and I think people will use it. It is up to us to be in control of it and not have it control us.

- Q35 **Jane Stevenson:** On the Hollywood strikes around AI and writers fearing for their futures, can I just ask—

Gurinder Chadha: Very justified. I am sure during the strike there were unscrupulous people writing scripts using AI and then they will take what they have done and give them to other writers, human writers, to modify and make better. I am sure that was going on during the strikes.

- Q36 **Chair:** That is brilliant. Gurinder, thank you so much for your time today. You were generous with us, appearing again, after 20 years, in front of the panel.

Gurinder Chadha: I will see you again in another 20 years.

Chair: In a couple more decades. Thank you so much.

Gurinder Chadha: Thank you. It has been very interesting for me as well. If there is anything else I can do that can help your cause, I am always ready to do that.

Chair: Thank you very much.

Examination of witnesses

Witnesses: Phil Clapp, Andy Leyshon and John McVay.

Chair: We have a team now that will explore production, distribution and exhibition of films in Britain. We are joined by John McVay, who is the CEO at Pact. We have Andy Leyshon, who is the CEO at the Film Distributors' Association, and Phil Clapp, who is the CEO of the UK Cinema Association. Welcome to you all. Thank you so much for joining us today. We will start the questions with Giles Watling.

Q37 **Giles Watling:** Good morning. It is good to see you and thank you so much for coming today.

Before I start in the main body of my questions, we are fortunate in this country that we have been punching above our weight for years and we do extraordinarily well in terms of the content that we produce. We have the largest independent film studio anywhere at Pinewood. I wonder if perhaps we focus too much on the large box office busters and we leave the smaller grassroot independent productions behind. John, do you want to comment on that?

John McVay: Yes. Listening to Gurinder there made me so proud, having worked at Pact for 23 years. She is why I get up in the morning; a brilliant British indie film producer who has survived, but—as you heard in her opening comments—many do not. That is because the world has got much tougher, particularly over the past 10 years.

The UK has a very successful audio-visual economy. We are the second largest in the world. We should applaud that and celebrate that. It creates jobs and opportunities for many of our fellow citizens and businesses. However, the indie sector has been left behind in that good news story and that is basically because, as you heard from Gurinder, raising the money to make the films to the quality and with the cast we need to attract an audience or financiers has got much harder, particularly since 2015/2016. Overall investment has declined. We have supplied a whole lot of evidence for the Committee and, indeed, the Government detailing that. We did a report in 2017, which basically showed then that we were facing ongoing decline in investment and box office share for British film.

In 2022 the BFI produced a report that showed that it got worse. I remember saying at the time to Ben Roberts, the CEO of the BFI, “I am depressingly reassured because it has only got worse since then.” That is from a number of factors. Post-Covid changes in market behaviour: cinemas are not yet back to the capacity that we saw pre-Covid. More choice for consumers: they can stay at home and watch a movie on Netflix and not go to see it at the cinema. There is the cost of living pressures, but also domestic inflation. Our labour market rates have soared since 2020, our cast costs have soared, which means that if you are in indie the amount of money you have to raise to make a quality film has got harder and harder, so less money goes on screen because you are paying more cost to make it.

Giles Watling: Just to get them produced, yes.

John McVay: Just to try to make the thing. Of course, we all know, as Gurinder showed, if you make a great movie with £6.5 million—please, if we could make more of those—you can sell it for £17 million at Sundance. If you can make a great quality product—and we can. We have the talent, we have the skills, and we can do well culturally and commercially. Getting to the point where we can raise enough money is getting harder and harder and takes longer and longer. Sadly, too many people—I see this in my younger producers—having made their first low-budget feature film, give up after that because there is nowhere to go.

Q38 **Giles Watling:** Are we missing a trick, then, because we will not have, from what you say, the talent to run through to the bigger productions because we are ignoring the smaller productions, independent and grassroots?

John McVay: This is why we have had support from all the US studios and US streamers for our proposals. They recognise—and we should all recognise—that the British independent film sector is the R&D lab for talent. It is where Christopher Nolan started. It is where Paul Greengrass, John Boyega and Gurinder started. That is our hothouse of talent. I hope that from what Gurinder said, the comments about inclusion, more talent can avail themselves of those opportunities so we have an even richer film and audio-visual culture.

Q39 **Giles Watling:** We have identified the problems. How do we strengthen both domestic and international audience demand for British films?

John McVay: When we make our good quality, well-funded British film—and “Trainspotting” is one of them, and Gurinder’s films are—they do well. “The Inbetweeners” was the single biggest grossing British comedy ever produced. It may not be to your tastes but it did very well. When we can make films of the quality that can attract an audience, you will get a good return. It is getting to that budget point. That is why our proposals are for a certain tier of budgets for feature films, which would focus on British independent feature film. We are proposing a hike in the current film tax credit. I remember in 2003 the previous Committee’s report on



the British film industry was the precursor to the film tax credit getting introduced in 2007 under the Secretary of State Tessa Jowell. I think it is a very timely moment, the bookends of this. We lost a tax credit—the section 42-48—in 2001. Parliament had an investigation, which recommended the creation of a new tax credit. That drove inward investment as well. Now we need to do something to sustain and stimulate our own domestic industry.

Q40 Giles Watling: Absolutely. Can I ask the distributor's point of view on that? How do we improve the domestic and international audience on British film?

Andy Leyshon: I should probably try to explain what distribution is first, shouldn't I? I am not sure if everyone necessarily knows. We tend to be the bit between these two chaps. They are the supply, they are the demand, we are in the middle. We get films from one to the other and are fully supportive of all the proposals on either side, but we need to invest more in getting tax relief for distribution on a much smaller scale, with a higher return to get these films seen. That is our part. Could you repeat the question, please?

Giles Watling: How do we strengthen domestic and international audience demand for British films? How do we go about that from a distribution point of view?

Andy Leyshon: I think it is tax breaks, looking at more cultural voices, going to wider audiences. There were 1,000 films released in cinemas last year. When I started in the industry there were about 300 a year. On average, 19 a week; this last weekend 20 films came out. Everybody has a voice. It is great that so many different types of films are being made, but they need to be seen. Audiences need to be aware of these films. It is more getting awareness out there and connecting with audiences.

Q41 Giles Watling: What more can the British big cinema chains be doing to support independent British films?

Andy Leyshon: They are doing pretty well; I would say that as he is sat next to me. Phil can talk more to this, but they do support British films. The problem is getting the films out there with a sufficient marketing budget and publicity campaign and getting audiences aware of them for them to break through at the cinema.

Giles Watling: It all comes down to the box office.

Phil Clapp: Your starting point about the UK industry punching above its weight is well taken. Typically, in terms of box office, both pre-Covid and still post-Covid, we have been in the top six in the world, which is clearly something we want to maintain. The reality is that the difference between a good year and a very good year for the UK cinema industry is not the performance of one or two major US titles; it is the performance of everything else, essentially. That is true in terms of maintaining a cinema-going habit, but that is also true of drawing in different audiences

who might not like the big superhero films or the big action films and so on. It is undoubtedly true that, particularly with the impact of Covid, that part of the market has not recovered.

It is difficult to quantify it but I would say a significant part of that gap between where we were and where we are now is not a result of the studio strike or the result of what is happening in the major US studios. It is that more diverse content, which is not included.

Q42 Giles Watling: That brings me neatly on to my next question. Are we now looking more towards streaming as another way to get films made and seen and what might be the consequences of that?

Phil Clapp: John can speak more authoritatively on the production side of streaming. Gurinder referred to a conversation we had outside. It is often presented that cinema and streaming are in a fight to the death. The reality is the vast majority of our best customers, the people I represent, are also the biggest consumers of film on streaming, and they will pick and choose which films. It is not that what is good for streaming is bad for cinema, and vice versa. Undoubtedly, streaming has brought more money into the production side, but often around a particular genre or category of film, which is not actually meeting that gap we are talking about.

Since you asked the question, and I will respond to it, Andy is right that the larger operators do a huge amount around trying to support British film. It sounds like a glib answer, but the challenge is they can only work with what they are given in terms of the quality of those films and the support that is there. Andy mentioned the 1,000 films released into cinemas last year. It is an incredibly competitive market, and unless you have the marketing budget that allows you to cut through with the customer and get them to understand—and the point was made previously by Gurinder around cast and we want original stories—why would cinemas not want to draw in a broader audience and to reflect the British cultural narrative?

The challenge we have had, and this is a pre-Covid and a post-Covid thing, is the number of films which allow them to do that has diminished year on year. Unless the changes that John and Andy are suggesting are made, it is very difficult to see how we turn that ship around, to be perfectly honest.

Q43 Giles Watling: It all comes down to financing on the marketing side.

John McVay: Phil is right. My members, like Gurinder, want to make fantastic movies that you are going to spend your hard-earned cash on. We are not making enough of them to the quality that we need to. When we do, the market will embrace them. Phil's members want those movies. I remember when we were working on all the measures to try to save our industry during the pandemic, one thing that helped exhibitors was that we had some British movies they could show because the

studios were not releasing. That was great. It was a fillip at the time. I wish it was something that was constant. I wish it was every weekend we had a great British movie that we would decide to go and see. We can do it. We have the talent, we have the ideas, and we have amazing producers like Gurinder.

You heard Gurinder. She was saying that her problem is not ideas, or cultural imperatives; her problem is raising the money and how long it takes. That is the problem. If you sort that out, and if we could get some support to get more visibility for those films through support for P&A, we can get the films into the cinemas and British people will go and see them. As I said, "Bend It Like Beckham", "The Full Monty", we have a long list of successful products.

Gurinder said something important right at the beginning there: it is a passport to the world, but it is also a passport for the world to us. Seeing us around the world in our movies is a very important thing. It defines who we are now; not some history book concept of who the British people are, but who we are now.

Q44 Giles Watling: It seems to me very cyclical. I remember David Puttnam saying he was going to reinvigorate the film industry 30 years ago, and we are here again and we are at another crossroads. We need sustained tax breaks and sustained investment.

John McVay: We need planned, secured investments. The great thing about the tax breaks, if Government were to approve them at the level we are proposing in the way we are proposing, is it does not cost the taxpayer a penny until you use them. It is not grant in aid where you have to give a budget and it goes in the P&L. It is a potential. What it does is that it incentivises the market. It is exactly as when we were working on the high-end TV tax credit, which stimulated all the inward investment we have seen from the streamers in the UK. It was a potential. It changed the whole market because it gave investors confidence and it gave producers something in their pocket to go out and raise the money to make their stories.

That is the British way of doing it, as opposed to maybe the French way, which is to just set up a huge public fund and you have to spend it every year regardless. The great thing about tax credits is they change how people behave in the market and they create new behaviours.

Giles Watling: We may be able to sell Britain and UK across the world. Thank you very much.

Q45 Chair: Over the last few weeks we have seen the impact that TV can have with the success of "Mr Bates vs The Post Office." What is the takeaway from that on how easy it is for independent productions to be able to tell those stories? Where are the obstacles in them being able to do that?



John McVay: Gurinder raised some issues about casting and how financiers may approach unknown Asian actors or other talent, and that is sad and is something that we have to change. I have to give plaudits to ITV for having made that short TV drama series. It shows you the value of public service broadcasting. That would never have been made by Netflix or Apple or Amazon, not their thing. It was great that ITV, our biggest commercial broadcaster, made a story that had such impact.

I go back to the fundamentals of our creative economy. We are brilliant storytellers. We have the talent. We can make quality product. If we can finance it or someone like ITV is going to finance it, we can tell stories that make a real difference for us as a people.

Chair: Does anyone want to add to that?

Andy Leyshon: Not particularly. He has summed it up brilliantly there. We are all quite proud as a nation of that programme.

Q46 **Chair:** To what extent is the fortune of the UK production, distribution and exhibition sector interlinked and to what extent is that understood by policymakers and reflected in the way that they respond?

Phil Clapp: Not as much as it should be, is the answer to your final question, to be perfectly honest. We do what we can to link up the people on the ground so that the people who are making the films understand the challenges and the opportunities of distribution and what it is. We are a member organisation representing the broadest possible range of cinemas, from the major multiplexes down to the majority of our members being single-site, single-screen operators. We try to foster understanding, but sometimes policy is in silos. This is clearly a familiar refrain in a whole range of policy.

The idea of having some greater connectivity between policy and having some greater reflection of the interdependence that we see on the ground with the people we represent will always be welcome. Some of that is resource driven. The BFI does what it can with the resource that it has, but inevitably sometimes that means it is only dealing on my side of the house, with only part of the sector. It is only dealing primarily with specialised venues. Whereas we would strongly argue that there is a huge opportunity to be had by it working with the broad range of people and the broad range of infrastructure we represent. Sometimes it is just the pressure that is on policymakers to deliver and to be experts in what we would all say are very complex areas.

Q47 **Chair:** We heard from somebody who gave us some evidence that so many cinemas up and down the UK are just not breaking even at the moment, and they cited the lack of big movies coming down the track that are bringing in the audiences. We have heard from Andy that there are hundreds of films being made every week. To what extent are cinemas part of the problem in providing audiences with enough variety at the box office?



Phil Clapp: The vast majority of the operators we represent are commercial entities. Their reason for being is to get people into cinemas. There is no reason why they would not want to provide the broadest possible range of films. The reality is that when they look at the films that are on offer, they clearly have to make a decision, first of all, on: is this a film my audience will like and, secondly, is this a film that my audience might like more than the film I am currently showing or a different audience might like other than the film I am currently showing?

If you are a single screen venue and you have the number of films coming out each week that are currently coming, there are some that clearly will be immediately seen as not for that audience and some that might be and some that certainly are. It is a very challenging issue. As I said, we are a broad church of membership and we have large multiplex operators, specialised venues and art houses, and so on. They will all say to you that what they want is more and better supported British independent films and they will put them in front of audiences. We will do what we can in terms of marketing them, but each cinema venue, no matter how big or how small, can only do so much.

I use a very reductionist phrase, but it is around the quality of the supply line, which is the issue, to be perfectly honest. We will get into the discussion you had with Gurinder earlier on UGC, but if I look at the largest multiplexes, Odeon, Vue and Cineworld, which are around 75% of the UK market in terms of box office, each of them have their own programmes that are intended to foreground and promote independent film or British independent film. Even with the marketing power they have, there is only so much they can do. We went from a position where in 2015 there were 33 British independent films that made them more than £1 million at the box office, to 2023, where there were just 11, essentially.

It is an element of an uphill struggle, to be perfectly honest, without the content and without the support that comes from having relevant, well made, well told and well supported films.

John McVay: Phil's point there is true because the box office share in 2021 was 5% and in 2022 it was 8%. That is in the UK. Globally, box office share for British film was 1.2%. I do not think that is because of appetite. I do not think it is because exhibitors do not want to show British films. We need to supply better films. They can be about anything. They can be about us all, they can be all the stories we want to tell, but we have to get them to the quality and the investment that will encourage audiences to part with their money to go and see them. That is the challenge. If I make a micro-low budget movie, you might see it in a festival; you might be lucky to see it at a screening in the Southbank. Generally, it is not going to get a general release, and that is sad.

When I started in the industry 40 years ago, there used to be a ladder: you made a film; you made a better one; you got a bigger budget; you



progressed onwards. You heard from Gurinder about her career. That has gone now. We make lots of micro-budget films. We make a small handful of big budget films, £10 million to £15 million. The bit in between does not really exist, and that is the bit we need to nurture and develop.

- Q48 Chair:** To what extent is there still the patience to let those movies sometimes do the slow burn they need to do before they get to—Gurinder mentioned “The Full Monty.” I remember going to see “The Full Monty” when it very first came out, and it did not really have a great deal of chat around it. It was quite an empty cinema when I first saw it, and then gradually the buzz began to happen. I went back to see it again with some of my family some weeks later and it was heaving. You literally could not book a ticket to go and see it because the word had got out, “This is a great British film.” To what extent these days would a film like that be able to have that? Would anyone have the patience in the cinema sector to wait and see what happens with a great British film like that?

John McVay: Opening weekend and word of mouth is still powerful. I remember “Trainspotting” was huge when it first came out, but it was mostly because Channel 4 was marketing the hell out of it because they put money into it. If we can find a way to support the marketing and the social media and profiling those films, we can build audiences now with digital media and social media. We can do that, but that costs quite a lot of money to do it well. To Andy’s point, if we can get money to make better films, if we can also then support them to build an audience, that is great, and then for the exhibitors, they have people selling out theatres for them.

It is true that it is much more difficult to play the long game now than it was in terms of the number of films. To your point you made around the financial state of the sector, my side of the industry took a hit of at least £2 billion during Covid. We are still in recovery from that and we are some way from full recovery from that. Making an argument that this film might be a successful film down the track, but there is this film that is successful now, choosing between them is quite a difficult thing now, particularly for cinemas to do. There may be the ability to take a longer-term view when we get back to that, but at this moment the imperative for all the people we represent is, put bluntly, to make money in order to make up for the shortfalls that they have experienced, not just during the Covid period but from the ripple effects of the cost of living crisis and other things that have hit them.

- Q49 Damian Green:** I want to explore the long-term effects and the short-term effects of the strike that the American industry has just gone through. Picking up something you said about the Covid period, where the studios were not producing their usual product so there was a mini renaissance of mass showing of UK movies in an attempt to grasp some light from the gloom, are we going to see a similar thing here where there is just less product coming from over the Atlantic, so you might get more showing for a short period of UK films?



Phil Clapp: That would be the hope, but it goes back to the point about what quality and quantity and how supported those films are, to be perfectly honest, and the awareness and the cut-through of those things, essentially. What the strike did, undoubtedly, was it delayed the recovery of the global sector. Talking specifically about the UK sector, if I talk to our broad membership, there is absolute confidence that we will recover. The strike has just pushed that back probably for 12 months, to be perfectly honest.

There are undoubtedly opportunities for British independent film and other non-studio film over the coming months. Cinemas are aware of their cultural and their social role, but at the basic level it is often just a commercial decision on, "Is this a film that will get people through the door? Is this a film that will deepen and broaden our audience?" Andy and I are part of a group that has tracked this from the beginning of the Covid period. The issue we have post-Covid is not getting them back—we have got back pretty much everyone we think we are going to get back—it is getting them back to the level of frequency of cinema going that they enjoyed before that, essentially. Unless you continue to refresh the offering in front of them with things they might want to see, that will always be an uphill battle.

Q50 **Damian Green:** What are the numbers on that?

Phil Clapp: We have about 82% of the pre-Covid cinema-going public back. Without getting into the theology, if you look at the churn of people becoming cinema goers or no longer becoming cinema goers because of changes in life circumstances and so on, we think that is pretty much a full return. Across the piece, levels of frequency of cinema going among those people who are cinema goers are down around 40%, essentially. There are some bright lights. Families with children and young people are a little up maybe, but across the broad demographic, particularly with an ageing audience, it is down. We need to find ways of encouraging people to return more often, as well as encouraging new people to return.

Q51 **Damian Green:** Just out of interest, 40% down means what, 10 to 6? How often do people—

Phil Clapp: This is a very blunt measure. Across the piece pre-Covid, the average per head cinema going was 2.3 times per year, essentially. Of course, that is a bell curve, with some people not going at all and some people going massive times. We are probably talking about the average person who went maybe six times a year and now going three or four times a year. That is simply because there is nothing we are putting in front of them—and that obviously is not just a film but also the offer, but primarily the film—that encourages them to get out. There are, of course, cost of living issues within that. People have less disposable income. It seems to be primarily when we do these surveys around, "There was nothing I saw on at my local cinema that I actually wanted to go to see," to be perfectly honest.



John McVay: To your point, it may be an opportunity we have missed because we were not able to finance films to take the opportunity. That is the problem. As a corollary of that, there were a lot of freelancers who found themselves suddenly unemployed because of the American strikes. If we had had a more viable film industry, maybe they would have found employment there. They did not. Some of them left the industry. Some of them had to go and claim public support. That is sad because that is skills we might lose or talent we might lose, when there might have been another place that they could have got an opportunity to pursue their careers, earn a living, pay their mortgages, all the things we want from our brilliant, crafty technicians and freelancers.

Q52 **Damian Green:** As the strikes recede and things get back to normal, are there any lessons for the UK industry that you draw from what happened there?

John McVay: That was one lesson: if we had a more viable film industry ourselves it might have helped people navigate that strike.

Secondly, on that, it is clear that a lot of those workers were not mobile. They had grown up working for American movies or American drama, and they had not really had a connection with domestic production. That is a challenge, to have a more mobile workforce. Many years ago I used to be a freelance sound recordist and sound engineer, and I worked in advertising, theatre, music, film and TV. Wherever I could get a gig, I would go and work. That is not so much now. We have people who have become more specialist who only do high-end drama for Netflix. We need to look at that, but you have to give them an option. You have to give them an alternative place of employment for that to happen.

Q53 **Damian Green:** Have we become too dependent on inward investment? We have had this great boom with the streamers. Did the strikes reveal that we were too dependent on that?

John McVay: It meant there was a large part of our workforce where that was their only source of income, so they did not have the multi-source income that you would hope so that they can navigate the ups and downs. Being a freelancer is always an up and down career, whether you are a journalist or an artist or a dancer. That is the nature of the beast. It did highlight a problem there. I do not think we are dependent on inward investment. We should celebrate the fact that we attract so much inward investment. It has led to studio developments across the country. There are studios being built all over the UK. Hopefully, that starts to develop clusters for local people to access opportunities. A lot of that is driven by us, our ability to attract inward investment, and that is a good thing.

It has created new jobs; it has invested in technology. I would much rather we had the money here in the UK than it being in France or Italy or Australia. I would never say it was something detrimental, but if



America sneezes, we often catch a cold when it comes to things like strikes.

- Q54 **Damian Green:** My final quick question is: are there any rumblings that we could see strikes here or is the industry structured in a different way or behaves differently?

John McVay: We have a very different process in the UK. Pact negotiates all the collective agreements for writers, directors and actors. We have constant dialogue with all our colleagues about all sorts of issues, pay, terms and conditions, AI. We have a much more ongoing discussion. Indeed, before the American strikes happened, we were sitting down with Equity, the actors union, and saying, "What do you think about AI? Maybe we should be talking about this," because clearly it will throw up issues and it will throw up challenges for us as producer creatives, but also for performers and other creatives. We have to find a way to navigate all that in an intelligent way.

- Q55 **Alex Sobel:** We heard from Gurinder about the importance of having tiered tax relief and its impact on the independent production sector. What would increasing the tax relief for those lower budget independent films achieve? John, what do you think?

John McVay: A number of things. It would de-risk investment for other people. If I truck up to distributors and they are saying, "The market can only give you £2 million," and I go, "I have £3 million in my pocket already," we are much closer to financing the movie more quickly. Bear in mind that films work around talent availability. If you are my lead actor, hopefully in my next movie, your availability will dictate when I can get you, but you are also core to the financing because Andy or Phil will look down to, "Who is in this? Do we know them? Is this something we can market? Do the audiences know them?" That is all part of how people assess risk in our business.

I was asked many years ago by our Minister in DCMS, "So, John, all our movies, why are they not all successful?" I said, "If I knew that, Minister, I would not be here. I would be working in Hollywood and I would be incredibly rich." The potential of that investment changes how things are seen and it also allows me to be more ambitious. You heard Gurinder there about, "I have to compromise. I cannot do this, I cannot do that." Maybe if I have a bit more money in my pocket, I will insist it is an Asian actor because I am bringing 40% of the budget to the table. I am a major player in that, I am not a minority player. I am a major investor with the support of the British taxpayer in order to make that movie.

Will it lead to another "Bend It Like Beckham" or another X, Y or Z? I do not know. I hope so, but it changes the confidence people have and the market confidence in those products.

- Q56 **Alex Sobel:** To extend that point, are you saying that essentially, if we extended the tax relief, we might see more new British talent emerge, a

more diverse range of talent, both behind and in front of the camera?

John McVay: I would hope so. It would give us a chance to do what Gurinder said when she was waxing lyrical about Film4. I was around at the time. I was in production around the release of "Trainspotting." It would change the zeitgeist. It would change people's approach. Will it lead to more diversity? I hope so. Will it lead to new talent? Absolutely. Who, what and when? I do not know, but that is where Parliament and Governments cannot dictate how things work in reality, but they can create the environment for people to take those opportunities. That is important as parliamentarians. That is how you make the world change.

Saying it must be X, Y or Z, in my experience, like they do in many other countries with film funds, is not a good way to do it. Britain is more eclectic, it is more diverse, and creating a framework where people can take a chance and find that new talent and try to get it financed and try to get it into the cinemas is a positive and energetic way to change things.

Q57 **Alex Sobel:** Andy, what do you think the impact would be of creating a specific relief for print and advertising spend on lower budget films?

Andy Leyshon: It should work in simpatico with John's ask for a higher relief as well. What you have to understand is that distribution is an inherently risky business. Distributors are entrepreneurs. Every new release is like a new start-up. They generally break even; if they make a profit, great. A lot of them fail. To be encouraged to spend more, to risk more, to chase more, to go wider, to get better awareness, that would be eminently sensible and, again, to get those films that are going to be encouraged to be out there seen much wider and for Phil's members to play them and have many more films to play.

Just over 5% of all releases play in a saturation in 600-plus cinemas as most films will release in under 50 screens. We do not want that. We want films to be playing a lot wider. We want films to be playing everywhere. We costed it out based on the BFI's last "Economic Review of UK Independent Film" in 2022. We costed out a proposal. We think that it would cost taxpayers £9.3 million, but we would get a return on investment of £2.54 for every pound spent. It is a no brainer from our side.

Q58 **Alex Sobel:** It sounds like it is well within our fiscal rules as well so it would not create instability in the market. The other element of this is inward foreign investment, particularly from the US. How can we ensure that we create more independent British films without losing that overseas investment and grow the pie? How will we grow the pie here and balance this out?

John McVay: I think that the current film tax credit and high-end TV tax credit for inward investors is generous. That is why they are here. It works. We have a very good system. All credit to Parliament and the Government of the day in 2007. We worked on that to design how the tax



credit works. It is very attractive. We have English language, we have facilities, and we have skills. I do not think that they will go away because we want to support our own film industry. That is not what I hear from them. They recognise that we need to have our own indigenous industry because it is the seed bed for a lot of the talent. John Boyega started on a great British indie film called "Attack The Block" and then went on to become a global superstar. We could go on. They recognise that having something precisely targeted at a range of films, which will mostly support British independent, but look, if Netflix said to me, "Look, you have a brilliant British comedy. It is £15 million. We would like to help support that," why not? That would be great. That might stimulate that investment. I do not think that if we were to do a tax credit at that range it would be detrimental to inward investment.

- Q59 **Alex Sobel:** On the flip side, I have personally asked some of the big streamers about supporting indoor production and post-production facilities in the north of England, specifically in West Yorkshire, but should they do more to support the British film industry? If so, what measures would you recommend for the big streamers?

John McVay: I think that they should put their money into projects that they think will be great for their audiences. I do not think it is saying there must be a quota as they do in some other countries. If we could stimulate investment, if I have a great project that they want to invest in, great. It will then be my choice whether I want to take that deal or not because, like Gurinder, I might choose that a theatrical release with global sales is my preferred option. I would not want it to be, "We have to do something on the streamers, so British film is only supported that way," because commercially that may not be good for me or my business.

I think that having the mixed economy and a mixed ecology is good in the UK. My TV drama producers work for British broadcasters and they own the rights because of the terms of trade, but they also work for Netflix and they make a nice margin. They can choose what they want to do and that makes the ecologies healthy.

- Q60 **Alex Sobel:** Phil, Gurinder said that in France they have to set a screen aside in large multiplexes for French films. They also have a tax on cinema receipts. What do you think about the French system and incentives? Do you think we should have other incentives for cinemas to screen domestic films?

Phil Clapp: In general, I have been doing this job long enough that when anyone starts a sentence, "In France" I know what is coming. There are good and bad things in the French system. The thing that needs to be understood is that it is a finely tuned ecosystem where you cannot pick one bit out and not others. For example, French cinemas benefit from a regulated window. No film is allowed to be played other than in a cinema for four months after its release, and so on. There are a whole range of levies.



As I said, in our membership, we have the major multiplexes and many that specialise in independent film, foreign language film and world cinema. In general, there is a presumption against levies. They are all seen as blunt. Anything that takes further money out of the pocket of cinema operators at a time when that is at a premium would be bad. I appreciate what Gurinder said around UGC, who are the forerunners of Cineworld in the UK territory. On the idea of allocating a screen where you only show British independent film, all the evidence we have is that if you label something as good for the audience, they tend to stay away, to be perfectly honest. It needs to be something that they see as a value in and of itself.

The BFI is currently launching a project called Escapes, which offers cinema tickets for free to British independent films. There are always different opinions on my side, but there is a sizeable body of opinion of cinema operators on my side of all shapes and sizes that the moment you offer something for free, you send a clear signal about its relative value, to be perfectly honest. "This is not something we think you will want to pay for, so here, have it," essentially. The project is at its very early stages and the proof of the pudding will be in the impact that has, but I think that allowing the small end market to hold sway, allowing cinema operators of all shapes and sizes to take a view on the quality of a film and its attractiveness to their audience is the way to go rather than diktats around screens or diktats around levies. If a cinema wants to allocate a screen to British independent film or world cinema or whatever, that is fine. That is their decision.

Sorry to bang on about this, but it goes back to the quality of the content, its attractiveness to the audience and the awareness amongst the audience that it exists. There have been a number of films—maybe not British independent films, but certainly films telling British stories—even post-Covid that have done, by common reckoning, less well than they might have done simply because the audience did not know they existed, and by the time they did know they existed, to your point, Madam Chair, they were off the screen.

It is about the quality of the film, the awareness of the film, and the relatability to the audience rather than sticking a label on something. If you want to quantify the potential prize on offer here, John made the point around what happened during Covid-19 where UK cinemas were less able to rely on British independent film than our European counterparts because they had a pre-established relationship with those distributors and they had an understanding among their audience of the film. Even now, when the impacts of the strike in the US are impacting across European territories, if I put France to one side and look at comparable European territories such as Germany, Spain and Italy, we were up box office 8% last year; Germany was up 25%, Spain was up 31%, and Italy was up 60%. That is almost entirely due to their domestic films. That has been the engine room of their recovery. They receive the same US films that we do. We probably over-index slightly with US films



because of the common language, but not to the extent that explains those figures.

John McVay: Can I add a point to that? It is very germane to the discussion. The European Audiovisual Observatory released a report last week that showed that the combined gross public sector support for European film is now close to 50%. That is maybe why those European cinema chains are doing so well with their own domestic product. That is what we do not have here. That is the market we are competing against as well. When I release a film in the UK and Europe, I am competing against better funded domestic product as well as American. I am just an English language film. I will be dubbed in Germany and subtitled elsewhere. However, if I want to release through Andy's members into Europe, I am up against more competition to try to get screen time as well. It is not just our own domestic culture and opportunity. That is the issue in the broader market as well.

Q61 **Jane Stevenson:** I would like to go back to AI. I am having an AI morning. John, are we doing enough to future-proof what is coming with AI so we avoid industrial disputes and actors and performers having their image used in AI? Is the framework there already?

John McVay: We are in active discussion with all the other copyright owners—actors, writers, directors—about how AI is used. The key thing is if I wanted to use your image or your performance—maybe you performed in something and you are no longer available or you got another job—can I negotiate with you under agreed permissions to use your image performance capture for some other piece of work? That seems to be perfectly reasonable. If I do it without your permission, it is completely unreasonable. That is the big issue.

We use AI already. "Lord of the Rings" was AI. We use AI in every part of our processing of film and TV, to colour correct, to do a whole range of other things, for audio, for background. We already use AI. It is not an alien technology for our industry. The next generation of AI, where you can effectively sample someone and then recreate them or recreate works, needs to be thought through and properly discussed. There needs to be some agreement about whether we want to do that, how we do it and how you are appropriately compensated for that.

Q62 **Jane Stevenson:** We had an evidence session from an actor who said that everyone on his production had been body scanned, and when I asked what the purpose was or what was in his contract about it, he did not know.

John McVay: I hope his agent knew.

Jane Stevenson: I hope so as well. I think that those issues of retrospective permission—

John McVay: On your earlier point about a famous dancer, whether you could use their images to recreate that character, there will be historical



problems because people had not given permission because we did not know this technology was coming. There will be things like that. Going forward, as producers, we create copyright in our works and we acquire copyright from other copyright owners. We all have a responsibility to find ways to do this that are clear and understandable, not just to the agent but to the actor, so that we can utilise this technology in the best possible way.

The worrying thing—this was a question you asked Gurinder and I do not think she touched on it—is how those models get trained. What are they getting trained on? That is a very different thing. If they are being trained on copyrighted work, they can generate something in the likeness of “Trainspotting” without the permission of the people who created “Trainspotting,” and that includes the writers, directors, actors and producers. That is a major problem, especially if that work then goes on to generate value for the person who used the technology but no compensation to the original creators. That is a road to ruin. That has to be sorted out and I know the Government are consulting on this right now, but we have to deal with that because that is very worrying. Even now, if Gurinder’s pal wrote up, “Can you write me a new ‘Bend It Like Beckham’?,” he just put into that language model copyright ideas that the language model will now use to generate something else for someone else. It is complex. For us, that is the more worrying aspect of AI.

Q63 Jane Stevenson: It is already happening, surely. If you are pitching scripts, you are—

John McVay: Yes, but I think that is where Parliaments and Governments around the world are trying to work out how this was done, if it was legitimate, if permissions were asked, and if compensation was offered. There are closed language models that have generated their own dataset, if you want, that has not just scraped off the internet to generate something. That is a different thing. That seems to me to be a perfectly legitimate commercial risk activity for those people, whether there is utility or value in that. The other ones that have used the internet, which was all our works, to generate value for them I think is another question.

Jane Stevenson: It is a massive question.

John McVay: Yes, and I think it is one of the biggest challenges for Parliaments and Governments to manage this. It is not just in the creative industries that it will be an issue. It will be in everything.

Q64 Jane Stevenson: Andy and Phil, do you think audiences will react well to AI? There would be a novelty if we start to see performances from long-deceased people.

Andy Leyshon: It all depends on the film, doesn’t it? If you look at “Avatar,” obviously they did to a massive extent. John has flagged that the primary concern is around IP protection. We have to tread very



carefully there. It is such a hard thing to get your head around where we will be and where we will go. I think that if a film is a quality film, an idea is creative, new and refreshing, and there is an audience for it, it will always work. AI cannot do that yet. It might be able to. I am in a sector where you hope AI might be able to reduce costs, maybe classification or the censors or something, but there is not a lot else. I have looked at various models where they say, "We can read a script for you and evaluate it," but it can't really. It cannot put a number on a film or say you should release it here or there.

Phil Clapp: The vast majority—I would say to the nth degree—of the people who run the UK cinemas take great pride in the fact that the film they put in front of the audience has been chosen by someone. While the big operators may have 1,000 screens and they may be assisted by AI, there is always a human element to it. Having said what I said about not being in a fight with streaming, no one in a UK cinema is watching a film that is being picked by an algorithm, to be honest. They are watching a film that has been picked by—and we can probably name them between us—individuals who on a Monday will look at the list of films, what is available, what they played, what they might move on, what they might move down, and so on. It is probably a potentially tricky road on our side of the house, particularly, for people to start to feel that they are being served something that is the result of a computer rather than a human being. That is the USP, to be perfectly honest, of cinema; it is a human experience.

Q65 **Jane Stevenson:** Are other opportunities afforded by AI, like more realistic dubbing of foreign language films? How are we looking at exports of our films to other countries using AI? Is that something that is being considered?

John McVay: Yes, my members in TV distribution are already using AI for making dubbing and delivery of foreign language product much more efficient. That is all under permission. It is all agreed. The performers in those programmes and other people who are due royalties will get paid for the sale. If it is a cheaper way to deliver and it maximizes the profit that is then distributed to all the participants, that is a good thing.

That is what I mean, it is a nuanced discussion. When the strike was on, we were getting calls from British actors' agents, who were not affected, going, "You can get a contract but you cannot use AI." We were like, "What are you talking about? We already do. AI is used in the whole process." That is why it has to be nuanced. There is a lot of responsibility on us as an industry to educate people about what we are doing, how we are doing it and understanding it. We are working on that for our members and, as I say, we are having discussions with all the guilds and unions about that as well.

Q66 **Jane Stevenson:** Are people looking for that additional export capacity for UK industry? Is that a potential growth? I think you connect much better with the film if it does not look clunky, if it is—



Andy Leyshon: Yes. Cinema will always remain the blue riband viewing experience. It is almost like Phil has primed me to say this. You cannot beat watching a film in a room full of complete strangers in the darkness, but I think there is something missing with AI at present. It may change but you will always need human stories. One of the things that did come out of our survey work during lockdown and beyond is that cinema was seen as the nation's number one most missed activity. It firmly has a place in the nation's heart. Clearly, people enjoy that cultural mess of all going and somebody being annoying sitting next to you. If you go down the AI route, you are going to miss that. I am not talking for these two.

Jane Stevenson: Do you have anything to add, Phil?

Phil Clapp: No. I think most of the challenges around AI, both the opportunities and the challenges, rest on the production side, to be honest. We are seeing them played out in real time in a number of respects.

Q67 **Julie Elliott:** Good afternoon. Phil, you have already spoken about some of the problems coming back after Covid in the cinema sector, but can you comment on whether you think last summer's "Barbenheimer" effect was enough to turn the fortunes of the exhibition sector around?

Phil Clapp: The short answer is no. Clearly, it was hugely welcome and it was almost a cultural moment that reminded people about the uniqueness of the experience.

Q68 **Julie Elliott:** Was it expected?

Phil Clapp: No. You can guarantee that in rooms across the UK and globally at the moment people are trying to engineer a similar moment. I think it was an organic thing. One of the most interesting things, particularly around "Barbie," was while colleagues at Warner Brothers Discovery did a brilliant job in marketing the film, the vast majority of the marketing was done by the public. It was user-generated memes and social media and so on. Colleagues at Universal, who had "Oppenheimer," and colleagues at Warner Brothers, who had "Barbie," would not have in any way worked in concert to do that. The juxtaposition of those two films was almost unique. Very few people can think of anything like it.

The reality is that "Barbie" made north of £90 million in the UK; "Oppenheimer" made around £60 million. That was obviously welcome, not least because some films had already started to move. The "Oppenheimer" premiere happened on the day the strikes were called so the cast had to exit stage left quite quickly.

To go back to my earlier point, most years have those big films. It is by and large the other films that oil the wheels, both with income but also with the frequency and getting in a broader audience, so hugely welcome. Four of the 10 biggest films in unadjusted box office in the UK ever have been released post-Covid. It is one of the things that gives us absolute confidence that when the films are there people will return.

The question is around, again, that supply and people's disposable income and their ability and willingness to spend. We represent to the nth degree cinemas that are fixed buildings. We have one or two mobile cinemas. Drive-in cinemas came and went in a moment in Covid, but running a fixed building at the moment with energy costs, other utility costs, and issues around staffing and staffing retention is a very challenging thing. So it has helped. I would not say we need many more "Barbies" and "Oppenheimers" but we need a much broader range of successful films.

Q69 Julie Elliott: What if we look at some of the smaller cinemas around the country? They were helped massively by the cultural recovery fund, but they are on the brink, a lot of them, financially and in a difficult position. They often take more independent films. What needs to happen to secure their future?

Phil Clapp: What we saw during Covid was a range of generic business support measures like the furlough scheme, business rates reduction and so on. We would strongly push short term for the reintroduction of relief from VAT on cinema tickets. With Covid to one side, I am also involved in the European trade body that covers 39 European territories, and 26 of those territories have lower rates of VAT on cinema tickets, 26 out of 38. We have never adopted that approach other than under the stress of Covid, but undoubtedly it allowed more money to be kept by the cinemas. That reduction in the cinema ticket price was also a clear signal to customers that we continue to offer value for money.

Last year, the average ticket price was just under £8. It only went up 3% from 2022. I know for the energy and staffing costs that a large number of cinema operators felt they had to absorb that; they did not think it was appropriate to pass that on to customers. I don't know how long that can persist. Some recognition of that in the short term, a reduction in VAT on cinema tickets, would help all our members immensely.

Quite aside from the supply issues and some of the other issues, we probably expect some of the cost of living challenges for the public and certainly some of the cost issues for cinemas to, if not disappear entirely, abate slightly. There is, for reasons I have said, absolute confidence in the future of the industry, but we need to find a way of getting from where we are now to where we need to be without losing sites, to be perfectly honest.

Q70 Julie Elliott: Access to cinemas is crucially important. We have seen a number of cinemas go in recent times. Do we have the right geographic spread of access to cinemas so that communities are not left behind? That is to everybody, whoever wants to take it first.

Phil Clapp: I will kick off. There are around about 850 cinemas in the UK and, as you would imagine, the major operators are primarily in the big cities and towns. In some of the big cities there is a more mixed economy



and then outside of the big cities and towns there tend to be smaller operators who have to be all things to all people.

What we were seeing pre-Covid was on average between 20 and 25 new sites opening. We—and I am talking about myself and Andy here, our bit of the sector—went through a massive technological change in the early 2010s to digital technology and that had a whole range of benefits. One of the benefits was that it made it more economic to run a cinema in what previously would have been a challenging location, because you would be much more flexible in your programming and a whole range of bill costs were reduced, essentially. What we were seeing was cinemas being built in areas where either there had not been a cinema for a long time or cinemas being opened in areas where there was an existing cinema offer but this new cinema added to that by being a boutique cinema or being an arthouse cinema and so on.

If I look at other European territories, we are pretty good in terms of having cinemas where people are, and we have moved away from the 1980s period of cinemas being out of town retail centres that no one could get to, or certainly people struggled to get to. There is more that can be done but, again, without being falsely optimistic, you will know Empire Cinemas went into administration earlier in the year. It sold half of its cinemas to another operator. I am confident, and some of these things will become apparent, that all the closed cinemas will be picked up by other operators.

There is an opportunity and an appetite among the public to continue to go to the cinema. There have been what you might broadly call environmental factors that have caused some cinemas financial distress. However, to answer your question, I think what you will see and what we are already seeing is that supply chain of new cinemas coming back and they will increasingly be responding to areas where either the cinema offer needs burgeoning or there needs to be a cinema offer. We are also seeing—sorry to extend this conversation—a significant number of communities coming together and demanding, sometimes from the local authorities, a cinema, but actually coming together and building community cinemas. That is a small but growing part of our membership as well.

Julie Elliott: Does anybody else want to come in?

John McVay: Given that films made here or films made from here are supported by the British taxpayer, that is everyone, then everyone should have a chance to see movies in a local cinema. That is important. It is sad when films cannot be seen by the British public, given that they have invested in them.

Andy Leyshon: It was a very healthy sector pre-Covid and there are signs going forward. There are companies like Everyman expanding still at a rate of knots. For Sunderland with, what, 170,000 people, not to have a cinema is—

Julie Elliott: Just short of 300,000.

Andy Leyshon: I am way off then.

Julie Elliott: We are an equal size to Newcastle.

Andy Leyshon: My parents grew up in Newcastle so they would never talk about Sunderland.

Chair: You have done it now.

Andy Leyshon: I know. But you will get a cinema back.

Q71 **Julie Elliott:** Moving on, because we are going way over where we should have been in time, John, how effective have previous efforts by the BFI and other recipients of public money been at remedying the skills shortages there are?

John McVay: They have done what they can with the money that is available. I am vice chair of an industry skills task force, which has delivered a report to Government, the BFI and the industry about what the—

Q72 **Julie Elliott:** You mentioned the screen sector skilled task force. What is going to be different about that?

John McVay: What is different about that is it includes everyone on that task force. That was all the US majors, all the US streamers, all the British broadcasters, all the agencies, screen agencies, and it came up with a very clear medium-term strategy. That involves increasing investment but it critically involves us getting a lot better in analysing what we need and when we will need it. How do we know it has worked? I think there has been a lot of investment made but I don't think we have been as good at working out whether it was in the right place. Did it deliver what we wanted? Was it sustained enough? Was it in the right skills that we wanted to look at? We have a huge opportunity as a collective industry to put that together in a way that gives us that longer-term strategic planning and investment.

All the major employers and investors who come to the UK, when we talked about this, did not balk at the idea of putting more money in. What they said was, "Where is it going and what is it doing? Do I know it has been sensibly invested?" I think we have done well up until now but we are at this moment where we can do much better.

Q73 **Julie Elliott:** Phil and Andy, are the needs of exhibition and distribution sectors adequately represented in the cross-sector skills initiatives that are going on?

Andy Leyshon: We are the smallest sector out of the three of us; we only have 200 to 300 people. The FDA offers a year-round training programme to all levels of the business, free to all our distributor members. We have an intern scheme where we take on people and they



have 10-month placements with member companies, all paid for by us as well. That has a 95% success rate. We tend to not get people from traditional university routes if we can; we tend to be quite diverse in who we get in terms of new blood. I think back to when I started. One company out of 50 replied to me and said, "If you want to work for free, then come on in." You just have to get in. Thankfully, it is a lot better. We pay people these days and it is a lot less abusive. We are less of an issue. It is probably more on the production side. In exhibition, it is more retail staff, without insulting you.

Phil Clapp: Yes. This is not a criticism. It is a statement. We are a slightly odd fit under this umbrella because most of the skills required for people to work in cinemas are leisure and hospitality skills. At the top of the tree are film-related skills but, by number, the vast majority of people who work in UK cinemas probably have a set of skills that are part of the hospitality and leisure sector.

If this segues into it from skills, a whole range of staff recruitment and retention issues on our side will be familiar to you from what you have heard from retail, hospitality, leisure and so on. On the skills side, for the most part, while we support all the work that is done on production and distribution, most of the work we do is in-house because we are slightly odd. We sit slightly to one side of the skillset that is required to work in the industry.

Q74 **Dr Rupa Huq:** My question follows on from the skills stuff that you were talking about. I am talking about retention and recruitment of people across all different backgrounds. Why is such slow progress being made in improving diversity behind the camera? I quoted figures in the last panel. Apparently, 1.4% of directors and 3% of production staff are BAME and only 22% of top roles in the film industry are women.

John McVay: It shows why we need more sustained career opportunities. We need to make sure that people have employment. In film—not so much in domestic television because Diamond data shows much bigger numbers there—we do not have good data, although there is some data. It is also hard to have sustainable careers that retain you in the industry so that you can become senior, like Gurinder, and can effect change. A big problem not just in film and TV but generally across the creative industries is retaining diverse talent at that senior level.

Changing that industry, how it works, who it recruits and how it thinks, is a big problem across all the creative industries.

Phil Clapp: On our side of the fence, the diversity profile of the industry on the shop floor is slightly overrepresented in terms of the UK population.

Dr Rupa Huq: It is a pyramid with the juniors and then the boardroom?



Phil Clapp: Yes, exactly that. That is the issue for us. We have worked to establish a cinema apprenticeship. Quite often, people coming in at that level did not necessarily see a route through. I would not pretend that that picture at the higher levels of the industry on my side is necessarily good. We continue to be in dialogue about that, particularly with our larger operators. General and regional managers have a better diversity profile than there was then—I have been in the job for 17 years—but there is still a long way to go, to be perfectly honest.

Andy Leyshon: I feel like we are trying to get there with the FDA and distribution. The word "Bollywood" seems so catch-all. We have four Indian distributors in our mix. We have a distributor that releases Chinese films. We have a female-only member company. We try to make a difference but it is small steps. I am also quite conscious that we are three white, middle-aged men sat here on this panel, which is not—

Dr Rupa Huq: You said it, not me.

Phil Clapp: Late middle-aged in some cases.

John McVay: The phrase is male, pale and stale, isn't it?

Andy Leyshon: Yes. We are all trying. John is primarily in this area with his skills work.

Q75 **Dr Rupa Huq:** Phil, you are a former civil servant. Could the Government incentivise industry to use more robust, formal, transparent recruitment procedures? Often, in some of these industries, it is a bit informal. It is not what you know, it is who you know. If you are a bit connected to someone, you can get work experience and a foot on the ladder. Should there be targets set?

Phil Clapp: Yes. That is the answer, to be perfectly honest. The Government can always do more and individual companies can always do more. The people I represent are trying to be more transparent in their recruitment process and are trying to be more open in their recruitment process and to draw from a much broader pool of people. Although it is not a badge of honour, the practices Andy was talking about with unpaid internships and those things are definitely no longer prevalent. We can always do more. Anything that the Government might want to do positively to incentivise those approaches is a conversation well worth having.

Q76 **Dr Rupa Huq:** John, you have talked about freelancers. Does this whole model and ecosystem mean that people can get out of those formal procedures or even investing in skills and wellbeing? They are not like salaried people that have to do training courses. For freelancers, it is a bit more drop in, drop out.

John McVay: A number of funds have been set up and are effectively levies on production that go into training. All that funding is generally targeted at freelancers. The industry invests quite substantially already



across the piece in maintaining our workforce and the workforce is predominantly freelance. Employers put up that money and we put it into funds that are then distributed to help freelancers, both new entrants and, critically, senior-level progression, to develop their skills and experiences so that they can progress in their careers. That is fundamental to our competitiveness as an audio-visual economy.

Q77 Dr Rupa Huq: Phil, you helped draw up the Covid safety net and some of that stuff. As constituency MPs, we all get emails from people. Three million people got not a penny out of all the different Covid schemes. We have heard the strikes have hit a lot of people hard, who have ceased employment in that sector. What can we do about all this and have a more sustainable model that is not so hand to mouth and precarious?

Phil Clapp: I put my hand up and say that as a sector we did well by standing by the employees within the sector. Clearly, the furlough scheme was a godsend to a whole range of sectors. However, we are in an even more competitive market now for staff. Young people in particular are savvy about who they work for, their expectations about the care—broadly defined—that an employer might provide, the progression and so on. Those people who are currently part of the exhibition workforce will have a materially different experience and they will find a materially different attitude from their employers than may have been the case 20 or 30 years ago.

If we are talking about the customer side, clearly, going back to that initial point about cinemas wanting to get as many people across the door as possible, we have a dynamic range of pricing. I am not quite clear which side of the fence you were aiming that question at. Is it about the way employees are treated or the way we bring the broadest possible range of the public into the cinema-going experience?

Q78 Dr Rupa Huq: I am thinking of the workforce. Having a diverse workforce is good, but if it is precarious and freelance people will not want to go there unless they have some safety net or cushion from the bank of mum and dad.

Phil Clapp: That means my first answer applies, essentially. Cinemas increasingly have needed, quite rightly, to up their game in wages and rewards, incentives, care and progression, to be perfectly honest, as has a whole range of employers. It is not specific to cinemas. Someone on the outside looking in, whether young or otherwise, will see a much more appreciative sector that takes care of its workforce and will see it as a career rather than just a summer job or a short-term job.

Q79 Dr Rupa Huq: That is largely it. I have gone from zero cinemas in my constituency to four recently and only one is one of the chains that you mentioned as 75%. The Vue on the A40 at Park Royal you might know, driving up and down there. That is now an Odeon Luxe. The others are two genuinely independent ones.

Phil Clapp: You have the Ealing Project, haven't you?



Dr Rupa Huq: Yes, and ActOne, which is in Passmore Edwards library, which some locals did. The most recent one is the Picturehouse with eight screens. I do not know if there is space for them all. Anyway, that is me talking out loud.

Phil Clapp: That is a good problem to have.

Chair: An embarrassment of riches. Very good, Rupa. Thank you all for your time today. If you think of anything else that you feel we need to take on board as part of our inquiry, please get in touch with us after the meeting. Thank you so much.