



HOUSE OF COMMONS

# Culture, Media and Sport Committee

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

Tuesday 23 April 2024

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Members present: Dame Caroline Dinenage (Chair); Clive Efford; Julie Elliott; Damian Green; Dr Rupa Huq; Simon Jupp; John Nicolson; Jane Stevenson.

Questions 285-345

### Witnesses

I: Mark Cosgrove, Head of Cinema, Watershed, and Catharine Des Forges, Director, Independent Cinema Office.

II: Clare Binns, Managing Director, Picturehouse, Alex Hamilton, Chief Executive, Studiocanal UK, and Tim Richards, Chief Executive, Vue.



## Examination of witnesses

Witnesses: Mark Cosgrove and Catharine Des Forges.

Q285 **Chair:** Welcome to this meeting of the Culture, Media and Sport Committee. Today we are continuing our inquiry into British film and high-end television with a closer look at the screening and marketing of films in our cinemas.

For our first panel, I welcome Mark Cosgrove, head of cinema at Watershed in Bristol, and Catharine Des Forges, director of the Independent Cinema Office. Thank you so much for coming; you are both really welcome. Does anyone have any interests that they need to declare? As no one does, let me start the questioning.

Mark, what role do you think independent cinemas play in the whole value chain for British films?

**Mark Cosgrove:** Independent cinemas are in the R&D part of the industry. I think the popular conception of the industry is that production is where ideas are developed and moved forward into making films; distribution is where they move across and come to audiences; and exhibition is where the money is made that goes back into production as producers recoup from distributors. That suggests that exhibition is at the end of the value chain, but I would say that exhibition—particularly independent exhibition and the kind of cinema that I am involved in—is at the beginning of the value chain. It is where you can meet talent.

Talent, as we know, does not come fully formed; we do not know who is in our audience. It is at that point that you begin to get engagement with ideas and inspiration. Film makers and audiences are seeing a range of work that inspires. I can tell a number of stories about film makers who have come through where exhibition has played a key part. Independent exhibitors like Watershed and other kinds of cinema that, like us, that are part of the BFI's film audience network, provide pathways through into different parts of the industry if they are interested in film making and want to engage in ideas and discussions about what it is that they are watching onscreen. If you say to people that you are going to the cinema, on the whole they will think that you are going to a multiplex, to see a mainstream Hollywood film, but there are many different kinds of cinema, as there are many different kinds of films, and where we sit is about showing those different kinds of films.

Q286 **Chair:** Catharine, do you think that audiences actually care whether they see a film at an independent cinema or a big multiplex?

**Catharine Des Forges:** Definitely. We have done quite a lot of research into that by talking to audiences in the cinemas that we work with, and one of the things that you notice about independent cinemas is that they often function as a kind of community space for people who may not necessarily feel welcome or comfortable by themselves elsewhere. They often have an integrated relationship with the communities that they serve. They are often very interested in sourcing products for the venue,



such as their food and drink offer, from local providers, and they often have local people working there. During covid, some of them functioned as food banks. They can function as community meeting spaces for people, and lots of them were operating as warm spaces when the energy prices were very high. So they very much function as the kind of space that a library a museum or a gallery might.

As Mark said, it is a kind of very big ecosystem, and they function and operate in a different way. They are the place where you might encounter stories that represent someone like you on screen, which you might not see elsewhere in mainstream cinema, or introduce you to points of view, perspectives or horizons that you might also not otherwise encounter. It is that thing that we know is really magical about the cinema, which is watching it with other people. It is a different experience from being at home and watching it on your screen or on your phone. Something different happens in that space with those people. And it is also about what you are seeing—the stories and the perspectives you are seeing—and that also kind of transforms those spaces.

**Q287 Dr Huq:** Catharine, first of all, I wondered, how easy is it for independent cinemas to take risks in showing films? If you did not take risks and just dished up the usual fare, what would the consequences be?

**Catharine Des Forges:** Well, it would be quite boring, obviously. On the one hand, it is really difficult to take risks. You have to be really entrepreneurial. You have to be really innovative. You have to do lots with not very much money. You have to be creative. You have to be imaginative. You have to really engage in that diet. You have to be very audience-focused around, “Who are the audiences that I’m serving? Who are the communities that I’m serving? Who is this film for?” If a film has had £10 million spent on marketing and it is on buses everywhere, those questions are not the first ones that are going to come into your mind, whereas if you have a small film—something that you saw at a festival—that might really speak to the people in your environment, you really have to think about what you are going to do.

It is really, really important, but at the same time it is always really challenging, because your profit margins are so much smaller, and the way that the industry works is that no one can ever tell you—no one ever really knows—whether something will work or not. We have good ideas, and we can look at the data and at the history, but there are always things that surprise you or disappoint you.

Everyone who does this work—if you are a programmer or a curator—has had that experience. We run courses for people and do lots of continuing professional development, and stuff for new entrants, but I often say to people that you haven’t really started to learn anything until you have put on a screening and no one turns up. You have to have that experience—

**Dr Huq:** It’s character building?



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**Catharine Des Forges:** Yes, and because it is a dialogue; it is about sharing something. It is really important, but it is hard. It is a real challenge, but that is why it is interesting and dynamic.

Q288 **Dr Huq:** What about foreign language stuff? I remember going to see the “Three Colours” films. Someone did the whole trilogy at the Riverside Studios. Would anyone do that now?

**Catharine Des Forges:** Oh yes.

**Mark Cosgrove:** Absolutely. That is the space that we sit in. Not only are audiences interested in new films, but they are interested in the history of cinema and in seeing older films. In fact, repertory cinema has been growing over the past 10 years. One of the reasons for that is that younger audiences are more aware of the breadth of film culture, through platforms such as Letterboxd and IMDb. There is much more awareness of the history of film, so when you screen older films—I remember when “Three Colours” was first released—the audiences all come and see them in the cinema.

To your last point about risk taking, I think audiences really appreciate risk taking. What you get in the mainstream is the franchise model, because what you are trying to do is build on the success of previous kinds of cinema. We may well get “Barbie 2”, but thinking about “Oppenheimer 2” is a different proposition, because that was an individual story. What I feel and experience is that audiences want to engage in the ideas that film can generate. Independent cinemas are great places for catering for that discussion.

Q289 **Dr Huq:** What would help you to show more current British films? If it is all going to become heritage, that is a bit dangerous, isn’t it—if it is all the old stuff? Do you have to do more events like you did with “12 Years a Slave”? By the way, Steve McQueen grew up in my constituency, and I know his mum.

**Mark Cosgrove:** That is a great example and illustration of independent cinema’s support and the interdependencies in the industry between independent and commercial mainstream. After Steve McQueen had his art career, he made his first film, “Hunger”, and it was shown in independent cinemas first. He had demonstrated himself as a film maker so that when he released “12 Years a Slave”, it opened in commercial cinemas as well as independent cinemas. We screened that film, and it was another illustration of the strength of independent cinemas that are place-based and relate to their local communities.

I might not sound like it, but I have lived in Bristol for 30 years. When we screened “12 Years a Slave”, it opened commercially on a wide release of maybe 300 prints, so it was on in the multiplex as well as Watershed. I thought that in showing a film about slavery in a city that has a very problematic, non-resolved relationship with the slave trade, we should look at doing events and talks with it. We worked with a black curating group called Come the Rev and decided to put on a series of informal and formal events. I think that if people just want to go and watch a film, they



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should just go and watch a film, but here was a film that was dealing with a very important subject, so we had opportunities for people to engage with that.

We had a young black woman at one of the events, and she thanked us very much for doing this and said she had been to see the film at the multiplex. I thought about that young black woman's journey through the multiplex and then being transported into Steve McQueen's fantastic, powerful representation of plantations and the slave trade. She came out of that screening and simply wanted to have a conversation about it, but the commercial model is not geared up for that conversation. It is geared up to maximise income, and it does a brilliant job. Multiplexes have done a brilliant job in raising the profile and income of cinema, but they are not geared up for that conversation, whereas that is the kind of intervention and the place that we can provide, opening up not just the money aspect, but the meaning aspect of the film. Because we are close to local communities, we can build relationships across those communities to have those conversations.

**Q290 Jane Stevenson:** Last year, 16 of the 20 top grossing films were prequels, sequels, live action or franchise films. Do you think that is just following demand or do you think not enough alternatives are being offered?

**Catharine Des Forges:** There are lots of alternatives being offered, but obviously they don't have the same marketing and P&A budgets attached, so they don't have the same resonance.

To follow on from what Mark said, obviously the biggest story last year in cinema was the "Barbie" and "Oppenheimer" weekend with those films' release, but obviously both of the directors started with films that were only shown in the independent sector—Christopher Nolan with "Following" and Greta Gerwig with "Frances Ha" before that, her first feature.

I suppose it is this idea that the independent sector provides a seed bed. The industry needs both of those ends of the scale. If you look at the films that took the most money, and say, "We need more of those," that is where they all come from, in a way. That is where most of the talent starts, in that kind of seed bed. Industry at that level is not going to take a risk. If you want to make a £30 million movie, you are probably not going to give that project to or back somebody who is making their first feature. It is important that people travel from the beginning of their careers and that is where they end up, if you see what I mean. It is not an either/or; you can't have one without the other.

Our world, and the kind of things that we work with, tend not to be in that top 20. We work with lots of cinemas in rural places, or where there is no other provision, or where they are part-time venues. We might show those films because it is about democracy—everybody has the right to see the best of any kind of art form; it should not just be about people who live in big cities, so we play those films and work with those distributors—but I suppose the large part of our work is with films that are not in that group.



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I don't think the fact that they are the ones that make the most money mean that actually you need more of them and not anything else. It is very tough, but I think there is a kind of synergy between those two things.

**Mark Cosgrove:** I really feel that audiences want to engage in ideas and discussions coming from the films. They also want films that engage with the world and what it means to be living in 2024, and the various issues that resonate with society and culture. As Catharine says, it is about the interconnectedness between that commercial mainstream and making those smaller films work better.

My illustration for that is "Bait". I was hoping that Kate Byers, the Bafta-award-winning producer of "Bait", was going to be here. That film was a very small production. As Catharine says, the marketing spend that goes into the franchises in the commercial mainstream is huge. You will see the adverts on the side of buses and so on—that really gets the message across. For a film like "Bait", its marketing budget couldn't even cover the side of one bus, never mind all the rest of them.

Here was a film made in Cornwall, made in the south-west, with two producers from Bristol who had set up their company, Early Day Films, telling a very distinctive Cornish story. We worked through the BFI's film audience network, which is a great network across the country of place-based independent cinemas and membership cinemas. We in the south-west supported the BFI in the grassroots campaign on that film, and we were delighted—and very surprised, because as we all know, you never quite know where the successes are going to come from. I know that the BFI's thinking on what it would take at the box office was £50,000—it was terribly small, but an important film—but it went on to take £500,000, so it was 10 times the expected box office income and impact that that film made.

That is through the cinemas that I guess Catharine and I represent, which are much closer to their communities. Distributors are largely all London based and use the very blunt tool of a big marketing campaign, but by working in that much more nuanced and grassroots way, you are actually targeting the communities, and it can get more impact. That impact might not register in economic terms, but it registers locally and culturally. Also, Mark Jenkin, Kate and Linn have gone on to other productions. The reason why Kate couldn't be here is that she is filming in Glasgow at the moment.

- Q291 **Jane Stevenson:** Advertising keeps coming back in what you are saying. Have you turned to more viral marketing? #Barbenheimer was going crazy on Twitter last summer. Do you think that is where independent films can have a little more traction? We heard evidence from James Hawes about his feature, "One Life", which ended up taking £10 million at the box office. Do you think there could have been ways to make that take even more? Where is the space for not big money advertising but effective marketing to smaller groups?



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**Mark Cosgrove:** The independent cinemas are working with the distributors more closely on being smarter, in a way, with the marketing spend. I remember that with “I, Daniel Blake” the distributor invested in regional ambassadors, as it were, that were going to be marketing that to trade union organisations—different organisations that the film was going to resonate with.

It is about thinking through the qualities of the film. There is a really important, productive dialogue between distribution and exhibition about looking at the film and doing shared thinking through what the more nuanced campaign can be. We have just done “Copa 71” about women’s football and we targeted all the women’s football groups around Bristol with things like, “If you come as a full team, you get two for the price of one.” It is about thinking through ways in which you can take the subject matter of the film and relate it more to the kind of communities that it can connect with, over and above the kind of campaign that is going to go on the side of a bus.

Q292 **Jane Stevenson:** Catharine, you mentioned food banks springing up in independent cinemas and all sorts of other community things. Is that the route through to growing grassroots support for these films?

**Catharine Des Forges:** Yes, that is very important. I think it’s really interesting. To your question about whether the digital space is somewhere that you can harness, yes, but it takes resources and skills.

Investment in skills in exhibition is ridiculously low. For people to be innovative, creative and able to use those means, you still need some resource; and quite a lot of people in independent cinemas have been, as everyone has been, really strapped and under-invested over the last few years. Many of them used to have staff. They used to have education officers, marketing officers or audience development officers, and those were the sorts of people who would develop their skills and who might work on some of these campaigns.

You are seeing fewer of those staff in venues, and it becomes harder. So yes, it is about things like the “Bait” story. There are lots of others. Another good example is the Eric Ravilious documentary. That did really well last year—it connected with local communities and did so with a tiny budget, because of course it’s about the story. It really has an impact on people who want to see more stories about their own history or about the history of their country. It touches them.

You can have lots of examples of that and they often use word of mouth and community engagement events, such as using the digital space in a really creative and innovative way. But it all takes a lot of hard work, a lot of resources and skills. You cannot manifest them off the bat; it is about sharing all that and being able to develop your own skills.

Q293 **John Nicolson:** Good morning. Thanks for joining us. I love cinema and I love independent cinemas. With so many independent cinemas closing, one of the concerns surely has to be that if they close, where will the



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smaller arthouse films and the films that are not pitched to mass audiences go to be screened?

**Catharine Des Forges:** That is a very good question. We would share your concern about the closing of independent cinemas. It is a very fragile economy. One of the difficulties is that some of the cinemas that we have lost may have been there for 30 or 40 years. Once they shut, they do not often come back; it is quite hard to bring them back.

Where do those films go? They do not go anywhere. They disappear. Sometimes there are fewer places to show them. Sometimes they might play in the big network of community cinemas, so film clubs or what you might know as film societies, where people might start to show films in their community in a village hall. But definitely, they will disappear.

Q294 **John Nicolson:** Is there a problem, Mr Cosgrove, in that the public are a bit hypocritical about these things? We all say that we love little independent cinemas, but the problem is, sadly, that folk do not go to a lot of them. I used to spend my holidays in St Andrews and twice a week I would go to the cinema there.

I noticed that recently Tiger Woods and Justin Timberlake, bizarrely, published plans to close this beautiful cinema—or to close two out of three screens—and to make it into a sports bar. There has been a huge public outpouring about that and apparently they have retreated. I suppose the point that the cinema manager made was that it is great that everybody is supporting us when we are threatened with closure but we have a 10% occupancy rate, so if you want to save cinemas you have to go to them.

**Mark Cosgrove:** Absolutely. I know that a lot of independent cinemas, particularly when we heard that cinemas such as the Filmhouse in Edinburgh were closing, all started campaigns. I think that made people more aware—

**John Nicolson:** Of what they had.

**Mark Cosgrove:** And what was at stake. I think Edinburgh feels it, absolutely. The great news is that it seems as though they might be coming back from the brink.

Q295 **John Nicolson:** Presumably, you can keep an old cinema like the one I mentioned, you can serve wine and you can make the seats more comfy. You do not have to close it. You can preserve the best of the historical features while adapting it to make it more accessible. You do not have to make it a sports bar.

**Mark Cosgrove:** No, I completely agree and I would hope that Justin Timberlake and Tiger Woods might think about viewing cinema in the way their kin have been viewing football at Wrexham—getting behind small independent football clubs—by taking smaller cinemas and supporting the grassroots. Anyway, we will see what happens on that front.

Q296 **John Nicolson:** I hope the planners knock them back.





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**Mark Cosgrove:** It is great that the cinema has made the local community aware. I think that is what has happened with the closure of cinemas: everybody has become aware of what might be lost. This might not be the end of it. I think that this financial year could potentially see other cinemas closing because we are dealing with a really difficult economic environment.

Q297 **John Nicolson:** The Committee went recently to France and looked at what we could possibly learn from the French example. A recurring thing that people keep asking about is the idea of a levy on cinema tickets to help independents. Is that something we should pick up and run with? Do you think that would work, Ms Des Forges?

**Catharine Des Forges:** Yes, I think we would support that. There have been a number of different things across the board that have been spoken of in terms of levies. It is really useful to look at the examples from other countries. We would just advocate for some of it going into exhibition, because quite often when levies are discussed in this country it is generally about production. It is important to look across the board. There are some really interesting examples, and not just in Europe; we are looking at what is happening with levies in Australia and New Zealand as well, and we are thinking about how they might stimulate independent film making and support new work, new voices, and risk and innovation. Broadly, we are in support of a levy.

I wanted to add to your point about the cinema—your example in St Andrews. One thing about independent cinema in the UK is that no kind of public capital funds are accessible to cinemas. If you want to redevelop, or have an amazing building, there are very limited means for you to be able to get access to funding for any change, although that is not necessarily the case for other art forms. The lack of access to capital grants is an issue.

We have a venue that we worked with in Shropshire that is probably now going to shut. They had a campaign for a year and they are coming up against some costs that they just cannot access any funds to cover. I think that that is an underlying issue and has been of concern for quite a long time.

Q298 **John Nicolson:** Mr Cosgrove, I presume you would endorse that. What about the levy?

**Mark Cosgrove:** I know that for various reasons the Eady levy ended up not working. I am not sure that taking money out of exhibition is necessarily a wise thing to do, given how tight things are. It has been mentioned in relation to streamers as well and, again, I am not massively over the economics, but—

Q299 **John Nicolson:** Where do you get the cash from?

**Mark Cosgrove:** That is the question to address: where it comes from.

Q300 **John Nicolson:** We are writing a report, so it would be great if you could tell us what your solution is.



**Mark Cosgrove:** That is definitely something to be looked at, if there is money that can be repurposed back in to support the ecosystem and particularly the risk-taking part of it.

I was going to say that one of the things we have been looking at and have asked for is tax relief on risk taking in the way that galleries and theatres have it. That could be looked at for cinema and, as Catharine mentioned, the curated programmes. The commercial titles, the franchises, have that spend on them, but when taking the risk on talent development or audience development, for the unknown area where the industry is on the whole risk averse, there should be some tax relief.

Q301 **Chair:** As a Committee, we were pushing for the extension of tax relief for lower-budget independent film, and we received the good news at the Budget. Do you think there should be incentives for cinemas to show that kind of film? Could that be a part of the financial incentives? Some independent cinemas focus quite a lot on foreign language films rather than on promoting British films, so we need to make sure that we boost all parts of the British film industry, if you like. How would you feel about incentives that promoted British exhibition?

**Mark Cosgrove:** Any incentive to support showing a broader range of films. I am not aware of cinemas that show European or world cinema to the exclusion of British films; they all want to show the kinds of films that they feel that their audience will engage with, and British independent is certainly part of that.

I recommend that the Committee make Gurinder Chadha the patron saint of independent cinema—she talked about Friday night at a British cinema in the multiplex—but that is a high-risk strategy unless a film has a huge marketing campaign behind it. It is in smaller areas—the developmental side—where you can make a real difference. That is risk taking in exhibition and in distribution. If there is some way in which that can be financially offset, it would benefit exhibitors.

Q302 **Simon Jupp:** Catharine, I will start with you if that is okay. The evidence that you provided us with said that the market is saturated with content, but we have also heard that there is not a consistent slate of films that people consider appealing. What is the issue here? Are too many films—or not enough films—being released? Or is it perhaps something else?

**Catharine Des Forges:** It is a complex area and the answer is complex, in a way. About 20 years ago, about eight films were released every week; now, there are about 24. They are all competing for space and an audience—an audience's attention. If you are a distributor, you will definitely feel that there are too many films.

In some ways, the number of films being released makes things more interesting—it means that there is more to write about, that the public engage more with cinema and that there are different kinds of stories—and the stories are not always coming from those bigger films. So I would not agree that there is not enough quality of films around; it is very much



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about the economic model, the way you release a film, how you get people's attention and how you can make those films successful.

I suppose that the saturation of the market means that if you run a cinema and have three or four screens, you could never show all the films being released every week. I am sure that you have discussed with colleagues from distribution why there are so many on the market. A lot of it is to do with it being a marketplace and the fact that the way you make your money from your investment in those films is sometimes further down the line. To reap that investment, you need them to have a marketplace and publicity.

I would not agree that there is not enough quality, but being able to find those things and connect them with an audience becomes difficult. Hence, if you do not have a huge budget, you have to find other ways of doing it.

**Mark Cosgrove:** It is not about just the films being released in cinemas but those available to watch on streaming, mobile and so on. When covid hit, I remember the extreme existential crisis of our cinema—all cinemas, like of a lot of society—being closed, yet people watching films. We were empty, but everybody was watching films.

I think people are saturated; the issue is about how you capture their attention. As I said, the commercial world has a route for that. Independent cinemas have a different route, which is about the kinds of things that they do on the ground to make themselves distinctive and to develop and build audiences. That is about the resources on the ground.

As I say, if somebody came into Watershed, or indeed other independent cinemas like Watershed, and said, "Why is that film on?" the reply could be, "I'll get you the guy who put it on or the programming group." They could have the dialogue. Equally, if a film maker came in and said, "How do I get into this business?" the reply could be, "You can meet the talent exec for BFI Network, which lives in our building as part of the Hub South West." It is about those different areas of distinction.

The time when cinema was at the top and everything waterfalled down from that theatrical release has completely changed. It is about how you—your cultural business—stand out in that arena to attract audiences.

**Simon Jupp:** I used to be a regular visitor to your establishment when I lived in Bristol for a couple of years. It a cultural hub for the city—a huge city in the region where I live now; although I live in Devon, so it is a little bit far for me to go to the cinema, if I am honest. But it is a beautiful place and you should be commended for all the work you do to support the independents in the sector. It truly is a focal point for Bristol and the wider west of England region.

**Mark Cosgrove:** Thank you.

Q303 **Simon Jupp:** I have another question. Do you think the distribution strategies for independent films are effective? What is the impact on exhibitors?



**Mark Cosgrove:** It varies from film to film and distributor to distributor. As we have said, and as I am sure you have picked up, the commercial mainstream has a model. That takes up a certain size in the landscape, but then there are all these smaller independents—films, distributors and venues. There is collaboration. I have given examples of “Bait” and “Copa 71”, where you are working closely with the distributor. We know it is a small title but, to maximise the impact, it is about how you can be smarter with limited resources on the ground.

I would say that the BFI film audience network has been important. It is in the title: it is a network across the country of exhibition and talent development. It works together to try to maximise the reach of smaller titles.

Q304 **Clive Efford:** Welcome. Mark, you talked about the impact of streaming services. Are we on a trajectory where they represent an existential threat to independent exhibitors?

**Mark Cosgrove:** I have got over my existential threat and certainly got more confident in independent exhibition. Partly through covid, we saw audiences migrate in huge numbers to streaming. In fact, we dabbled with streaming on our websites. We use a website, and people say it can be your fourth screen, as we have three cinemas. We dabbled with it, working with small distributors to push audiences through our website to see their product. I described it economically as not even peanuts: it was like the salt at the bottom of the packet of peanuts in terms of income.

But when we reopened, I fundamentally realised that it is about the collective experience and the cinema space, about communities and audiences. That reminded me of what is distinctive and different from streaming. It is great that people have access to many more films and much more content or stuff, but that makes you say, “Right, okay, how are we going to make ourselves and our proposition something that is attractive and will engage audiences?”

From our experience, and thankfully over the past financial years, we have seen audiences begin to increase in a direction. When covid struck, like the exhibition sector, we were on a real high that felt like it was only going to grow in cinema. I think we are beginning to get back to that place, where audiences are coming back more fully. They and we recognise that there are lots of opportunities to view. What you need is a diverse ecosystem. We are blessed with it in Bristol because we have everything from a microplex to a multiplex. You realise that the more diversity and variety you have, the more audiences want, which is great.

Q305 **Clive Efford:** What are audiences looking for when they come to an independent cinema? For instance, if it is a big visual experience, they may want to go to the cinema, but if it is not such a big experience, they may just wait to stream it at home. What is it they are looking for and what do you do to attract people into your cinemas when you are up against that easy access to content?



**Mark Cosgrove:** Call it the curatorial voice; call it being open with the audience. It can appear like magic. That is what is great about cinema: it is a magic trick at the end of the day. When you're in the cinema, you don't want to know that there is a projectionist, that things are being projected or whatever. You want to engage with the film. Films get to cinemas through a whole mechanism of choice in how things are made. That happens in the production process—all the way through, choices are made. We are the audience, and audiences are interested in that and interested in what things mean.

We have a very good café bar, and I have spent a lot of time there. Talking to the audience, they get engaged with the film—like the story I told you about the young black girl who went to see "12 Years a Slave". That is a particular story, but I describe the screening of a film as a springboard for a wider conversation about society and culture. That is what people want to do. They do not have to—people can watch the film and get the hell out of there; they can do whatever they want—but it is about knowing that you can come out and engage with what you thought about the film. "What did you think of that film?" You hear people when they are coming out of the screening talking away about what that film was about and what it meant. We get a lot of subjects covered in independent cinema, so it is not the classic happy ending and then that's it—go home. What we have are open endings. "I would like to talk about that." Well then here is a space where they can do that, which encourages sales in our café bar because people like a drink to discuss the film. That package is what we offer and that is what a streaming service does not offer.

Q306 **Clive Efford:** Right. Catharine, what could a levy do for the independent sector?

**Catharine Des Forges:** It could make more money available. I know you have been to France, and you can see what has been done there. We are in the economic climate we are in, and although the levels of public funding are really welcome for the kind of cinemas and films we work with, from production right through to exhibition, we could do so much more. That is what a levy could do.

**Clive Efford:** More of what? What could it do?

**Catharine Des Forges:** Things like skills and training. We do lots of work with young people and communities. Most independent cinemas have an offer that is for people with Alzheimer's, for the learning-disabled community and for people who are autistic. It is all about looking at where those communities are, putting on additional screenings, ensuring that you are fully reflective of the communities you serve and working with people at the very beginning of their careers.

We have talked about the economy of the system. People at the very beginning of their careers do not tend to be given enormous budgets to make films, or to distribute or sell those films, so we try to support those film makers who are the beginning of their careers and try to connect



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those films with audiences. All that is helped when you have an element of subsidy. As Mark referenced, that helps the R&D nature of the business. That is what it would help.

Q307 **Clive Efford:** So you don't see it as something that would support core funding of the independent sector, but as more for the additional things that the independent sector can do.

**Catharine Des Forges:** Yes. All the public funding that is available at the moment for cinemas is project funding. A lot of independent cinemas would like a model that was nearer a NPO model, which you will be familiar with from the rest of the arts. There is not that kind of model for the independent cinema sector; there is only project funding. To resource, deliver and service additional projects all the time is quite hard, because there is no core coverage.

We talked a lot about how you make a small film work, how you do development work with audiences and how you are creative and innovative. Again, to do that you need skills. We looked at some data, and I think that in the last decade 2.3% of the money that is available for training has gone into exhibition. That is a very small amount of money.

Everything becomes quite difficult, from the top to the bottom, to try and do the best work that you can, grow it and make a difference. That is more challenging. That is what a levy could do. I think it could transform things, actually. There has been lots of talk about VAT on tickets and looking at VAT in terms of levies. That is not necessarily about taking money out of independent cinemas; it is about maybe being more creative with some of those exemptions.

**Mark Cosgrove:** I want to talk about capital development. Smaller cinema operators don't have a lot of money, especially as we burned through our reserves during covid to reinvest in the fabric of the building, with mundane but important things like carpets, seats and projectors. There isn't a fund that you can easily access to do that. Also you are doing a lot of work around greening the building and making environmental changes. We are in a converted Victorian warehouse, and it is a challenge to do that. Having a capital fund to support that would be really useful.

Q308 **Julie Elliott:** Building on Clive's questions about access to funding, has the perception that the skills needed in the exhibition sector are closer to retail and hospitality skills than to film production skills hindered your access to industry-wide initiatives? Is that an accurate view of the sector?

**Catharine Des Forges:** It is not an accurate view of our sector. It may be an accurate view of the commercial cinema sector. I have referenced places like theatres, concert halls, galleries and museums, and I would see the skills that we need in our sector as being much more around audience development, business management and marketing. We provide some of that training; obviously, there are very small amounts of money available to do that. We do some of that or have been doing it for the last 20 years, but it is on a small scale. So no, I don't really agree.



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I think it is a different model, though. I would say that, speaking from an exhibition panel. The way the film industry works is essentially production, distribution and exhibition. Production is always seen as being the most glamorous, most fashionable and most amazing, and as very swanky and lovely. That is the bit that people really like to work with. Distribution is not seen as being glamorous and exciting, and then exhibition is seen as being the more prosaic shop window, which may be more akin to retail.

At the very bottom is independent exhibition, which is seen as being shabby and not as fashionable or as lucrative as the rest of it. But those of us who work in it think it is the most exciting bit, because that's the bit where you meet the audiences, where you can make a difference and where you take the thing that's been produced. Obviously, someone has to watch films, haven't they? If you make them and no one sees them or engages with them, what difference does that make? That is the bit that we do.

There is nothing more exciting than taking something that you have seen somewhere and that no one knows about but that you think could really change things. Like all great art forms, the best films change people's lives—they change the way you think about you. Your favourite film is something that you really want to share with somebody who hasn't seen it—imagine how you would talk about it and what you would say. When you meet someone you love or meet someone for the first time, one of the things you might want to do is get them to watch that film. That is what happens. For us, that is the most exciting bit. That is the bit that is really transformative and that makes you get up and go to work in the morning.

I suppose the skills that are needed in that environment are much more around communication and marketing; being innovative, creative and entrepreneurial; understanding how to run a business; and knowing about profit margins. There are quite a lot of different things in there. I would say that although it is not a criticism of the commercial model, it is a different model, so it requires a different skillset.

**Q309 Julie Elliott:** Do you agree with that, Mark?

**Mark Cosgrove:** Yes. I would say that our front-facing staff—our café bar staff and box office staff—are probably the most film-knowledgeable staff we have. To go back to the conversation that audiences have, the conversations that they have with the café bar staff or box office staff is incredibly knowledgeable about the films. As I have said, you never know who is in your audience—it could be the next Christopher Nolan or Gurinder Chadha—and that is equally the case for our staff. We try to support staff in terms of their professional development. They often do it as a job when they are going through into an area of the industry.

**Julie Elliott:** You are doing a good job of selling your café bar, I have to say.

**Mark Cosgrove:** Our head of trading will be very proud of me.

**Simon Jupp:** It's very good!



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Q310 **Julie Elliott:** What role can cinemas play in demonstrating audience demand for films made by those who represent the diversity of the UK population?

**Mark Cosgrove:** One of the key ways is by working in partnership. There used to be the myth of the curator in the art world, and in the film world as well, I guess: that there is this specialist—they are indeed specialists—and somehow their worldview is informing the programme. What I have realised over the years is that our programme is delivered in partnership with a lot of individuals and community groups. That is one of the key ways into diversity, in terms of not only audiences and partners but what goes on on screen.

We do things like Afrika Eye festival and Queer Vision—a range of different festivals and screenings throughout the year—and these can be programmed in partnership with groups like Pride and Come the Rev. Through the work that we do with the BFI's film audience network, it is part of our practice that we work with smaller cinemas across the region. That is a key way of getting diversity, not only on screen but in audiences, because you are targeting and working with community groups.

**Catharine Des Forges:** I think they can focus on content—on what they show. It goes back to the programming or curating question, but also thinking about the audiences you are serving. It is about thinking about the communities you serve—who are the audiences you are serving?—and making sure you have the right partnerships. What they can do is to start thinking about the workforce and who is working, who is welcome and whose work is seen.

I think the best independent cinemas are those for which thinking about the communities they serve is at the forefront of their whole raison d'être. The minute you start thinking about the different communities within your networks and within your immediate area, you are already thinking about who is welcome here—"What are we showing? Who is it connecting with? Who should we be working with?" That is really central to the work that you do. I think they have an enormous role to play in that, because the focus is always on the audience: "Who is here and who are we working with?" We need to make sure that we are welcoming to everyone.

Q311 **Chair:** In thanking our panellists, may I ask whether there is anything you wish we had asked you? Is there anything you were burning to tell us but did not get a chance to to share?

**Catharine Des Forges:** Only that this Committee and the work you are doing is really welcome. The fact that you invited evidence and that everybody felt available to give that evidence and to be able to write to you, and that you are seeing so many different people from so many aspects of the industry, is really welcome, so I would like to thank you for that.

**Chair:** Thank you very much; we'll put that on our CVs!





**Mark Cosgrove:** Can I add something? I have mentioned the BFI's film audience network; I really do think it has shown itself to be a brilliant example of reaching out across nations and regions, and it is a brilliant network for supporting independent voices and risk taking.

**Chair:** You have both done an excellent job of selling the cause today. Thank you very much for your time. I am really grateful.

## Examination of witnesses

Witnesses: Clare Binns, Alex Hamilton and Tim Richards.

Q312 **Chair:** For our second panel, we are joined by Clare Binns, the managing director of Picturehouse, by Alex Hamilton, the chief executive of Studiocanal UK, and Tim Richards, the chief executive of Vue and, until very recently, the chair of the BFI. You are all very welcome in joining us this morning. Thank you so much for coming in.

I am going to start with a bit of a generic question. It is for all of you, but I will start with Tim. It has been 21 years since our Committee—our predecessor Committee, obviously we are all far too young to have taken part in it—looked at the British film industry. What do you think are the most significant changes in both exhibition and distribution in the past 21 years?

**Tim Richards:** I think we have seen exponential growth in the industry, both for British film and independent film—and major film too. You have seen a considerable growth in screens in the UK, and certainly if you look at the attendance levels both in the UK and globally, they have increased very maturely, right through until 2020 when the pandemic hit.

At the start of that period, it was early days for digital. Digital was a game changer because, with the introduction of digital projectors, it allowed all operators to play more movies to more customers, and that penetration continued throughout that entire period. It was also when I started my company, so I spent 20 years building my company here in the UK, and it also really started my personal commitment to British and independent film, where I have served on every major board in the country. From Film London to BAFTA, I have been in executive positions in all of them, right through, as you mentioned, to chair of the BFI. Independent and British film, which we will get to shortly, are a big part of my heart and what I have been pursuing.

Q313 **Chair:** Thank you very much. Alex, anything to add? What have you seen over the past 21 years?

**Alex Hamilton:** Other than to reflect upon the fact that I gave evidence to the last Committee—I don't know what that says about me—like Tim says, I think you can say that, on a broader macro level, there has been significant progress in terms of admissions, the offer of content, and even the streamers. I think, for many, the streamers appeared to be an existential threat but, at the end of the day, they have led to an explosion

in content available to UK audiences. From that perspective, certainly on the high level, in terms of the underlying health of the industry, or of people going to see movies at the cinema, that has all been very good.

I think it is fair to say—this has perhaps been exacerbated in recent years—that it is possible that that success gravitated away from British independent films over that period. We can have a debate about the myriad reasons why that may have happened. A lot of statistical analysis around the box office shows that it gets concentrated at the very higher end, so the biggest films get bigger, the middle falls away a bit, and a lot of films released each week aren't seen by an audience almost anywhere. The advent of the streamers and the robust work done by exhibition and distribution and, indeed, Hollywood have led to a great proliferation of content, but they have perhaps shifted the playing field away from what I characterise as British cinema, in terms of people going to see British cinema.

Q314 **Chair:** Clare, the same question to you. In addition to anything extra you have noticed over the last 21 years, can you get your crystal ball out and tell me how you see the next 10 years going?

**Clare Binns:** Oh, goodness—that's a big question. I agree with what Tim and Alex said about the dominance of a few films each year where people go to the cinema, and about working on the American model with more American films coming in. The industry is in a bit of a crisis at the moment, because it hasn't really known where the future is since covid and since the streamers came into the marketplace. Franchise movies cost more to make, and the profits are less than they were, so the studios are looking at what they are making, but it is like turning a giant ship. They are looking at the success of two original films—the Barbenheimer moment. As Catharine said, these are directors we and the independents have played. The studios are looking at whether audiences want some original content. I think we are in a bit of a crisis situation at the moment.

Q315 **Chair:** Alex and Tim, do you care to make your predictions for the next 10 years? What are the challenges coming down the track?

**Tim Richards:** I am a lot more bullish. We as an industry, certainly in the period leading up to the pandemic, were breaking records everywhere, both in the UK and globally. In 2019, it was \$42.5 billion of box office worldwide. If you look at the attendance, we were just slightly below the record-breaking year of 2018, but very close.

As everyone is aware, we got hit very, very hard during the pandemic. One does not plan in one's business plan for full closure. It was devastating for all of us and all screens—I will get to that later. We were getting a small, fragile recovery last year, and then unfortunately for the first time in 60 years Hollywood decided to go on strike, so for most of last year there was very little, if any, film production going on. That hit us in both the short and the medium term, so the recovery that we had was delayed.



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This year, there are some amazing British, foreign and Hollywood movies coming out in all genres, but there are just not enough of them. In 2022, there were 35% fewer films released than pre-pandemic. Last year, there were 20% fewer films. This year is probably going to be close to or even slightly worse than last year. The good news is that film production has been ramped up very significantly by everybody, everywhere, and I think we are going to see a large number of films returned at the end of this year.

This is a business that is worth saving. It wasn't broken, and it is not broken today. We revitalise high streets. We drive footfall to high streets and shopping centres, where retailers have been suffering. We have been going from strength to strength, and I think you are going to see that return.

**Chair:** Alex, anything to add?

**Alex Hamilton:** I share Tim's optimism on the global film industry and the fact that it has shown its resilience post covid. For a little while, a lot of commentators were suggesting it was under existential threat. I probably share some of Clare's pessimism around the British film industry's role within that. We must remember that certain events like *Barbenheimer* were essentially orchestrated out of Los Angeles. They may have been made with lots of British talent and made in Britain in one case, but all of the key decisions around that film in terms of its production and distribution were made in Los Angeles and they were rolled out across the world that way. I think it is really important that if we want to establish the notion of a British film industry over the next 10 years, we consider how it can have a commercial impact, particularly in its home market.

Q316 **Simon Jupp:** Alex, to stay with you, in 2003 the Committee concluded that the UK's focus in the industry was too heavily on production and less so on distribution. What improvement have you seen in the time since?

**Alex Hamilton:** On distribution I would say that there has not been an improvement. You can see that even in the past 12 months two independent film companies that were very well established in the UK for many years—I worked for one of them for 11 years—closed their doors: Entertainment One and Pathé. In that sense, distribution is perhaps tougher than it was.

The recent increase in the production tax credit was broadly welcomed by the industry—all facets of the industry. The industry is absolutely trying to present and construct a united front. It does address the issue, perhaps more on the supply side in terms of increasing the potential for more British films being made because the financial incentives are there to do so, but it does not necessarily increase the demand for British films.

Bluntly, probably, the burden of creating demand falls on distribution. Obviously exhibition plays a role in that. We work closely with exhibition, but the financial commitment on the release of any film falls largely with the distributor. The creation of all the materials, media and everything



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that aligns to that is a challenge. There is a sense of its being as it was in 2003—a little lopsided, in that there is help with supply, but we have not necessarily discussed or embraced how we are going to create greater demand for British films.

**Q317 Simon Jupp:** Tim, as the former chair of the BFI, why do you think policy interventions are focused more on production than distribution and exhibition? What needs to happen to change that?

**Tim Richards:** We are the largest private cinema operator in Europe, so I can bring a little insight into other markets as well. Right now, it is really hard. Using some definitions of what a British film really is through the BFI, it looks like somewhere between 3% and 5% of films last year were classic British films. If you look at how that compares with other markets that we operate in, in Germany it is 18.5%; Italy 16%; Netherlands 17%; Poland and Denmark 20% and 25%, so considerably higher.

There has been, particularly in the post-pandemic period, a lot more support to try to revitalise the industry. I will say a massive thanks to Government because I would not be sitting here today if it were not for your support during the pandemic. Where I have seen it change a little bit is in our other markets. That support continued. In Italy in particular you can see how the Government put hundreds of millions of euros into Italian film production. They also made availability for cinema operators to refurbish their cinemas or open new cinemas. For a smaller operator it would be a 60% tax credit and if it was a large operator like us it would be a 30% tax credit.

That has been huge. Last night, we brought in “C'è Ancora Domani”, one of the biggest films of all time in Italy. We screened it in Leicester Square last night. That, again, is demonstrating what is possible. You see that kind of evidence in a lot of other markets. France is a bit of an anomaly, because it has always done massively more. Somewhere between 40% and 50% of its box office is French films—classic French films. I think it's a combination of a lot of variables. The work that the BFI has done has been absolutely fantastic in planting those seeds. We just need to keep going.

**Q318 Simon Jupp:** I am glad to hear optimism, because in the last few years we have seen significant failings in the cinema industry, with cinemas closing for all sorts of reasons. They were very old buildings, in some cases, and impossible to heat; the electricity bills were through the roof and there were all the other challenges that come with it. However, we have seen those economic weaknesses not left behind by the larger chains, like yourselves. What is behind that, and what are the solutions? Obviously, the pandemic had a huge impact—you can't close an industry down and expect it to bounce back instantaneously—but what is behind some of the failings of some cinema chains?

**Tim Richards:** If you could bear with me, I would love to dispel a big myth. Screens are all within one ecosystem. There is no such thing any more as an independent cinema, an arthouse cinema, or a major cinema. We are all screens; we all deliver films. We all love movies personally as



well. If you look at what the facts are—I never thought I would be here supporting my competitors, but if you look at the three main classic multiplex operators, which are ODEON, Cineworld and ourselves, 81% of films that were classified as independent films last year were screened by us. That compares against Picturehouse, with 10% less—74%—and puts us reasonably close to where somebody might think an “arthouse cinema” definition might be, but arthouse cinemas, in the classic sense, are showing the same movies that we are showing, day in and day out.

I am a massive fan of Watershed. I think what Mark has done there is extraordinary and I like going there as a customer as well, but I just looked, for fun, last week, and every major show for the next week is “Civil War”. That is what arthouse cinemas are doing. Again, I looked a few weeks ago when “Dune: Part Two” came out, and if you look at the top 100 independent, classic arthouse cinemas, as they would be called, every single one, without exception, was showing “Dune” and a whole host of other commercial movies.

I don’t mean it as a derogatory term, because I think arthouse cinemas, as smaller operators, need to be protected as much as the larger operators. We suffered massively. We were one of the most conservatively run cinema operators and we had to go through a very painful restructuring; we took £1 billion off our balance sheet a year ago. Because of the strikes, we had to go through a second restructuring, where we took a few hundred million pounds off our balance sheet. Now, thanks to the support of our shareholders, we are up and running and back in business again, but it has been a very, very painful period for all cinema operators, of all sizes.

**Q319 Simon Jupp:** To go back to your point about the difference between arthouse, independent cinemas and yourselves as a bigger multiplex, do you accept that perhaps people go to those other cinemas, the independent ones, for—for want of a better phrase—a different vibe, a more personal experience? I don’t mind where I go to the cinema. Watershed, as you say, is amazing. My local cinema in Sidmouth has one screen. It’s run by Scott Cinemas and it’s very intimate. That is what you get sometimes from a smaller cinema. Equally, sometimes, when you want to go and see a James Bond film that has come out, you want to go to a large cinema with a massive screen that is probably the size of several houses. Do you think there is a difference in the experience?

**Tim Richards:** Again, 46% of the films we showed last year were foreign films, so I try to fight that, day in and day out. We were probably the first circuit in Europe that had a licence to serve wine and beer at all our screens, because we wanted our customers to be able—

**Simon Jupp:** A welcome development.

**Tim Richards:** And we are investing very heavily in our auditoria and foyers in particular, to give them that welcoming feel. It is something that is evolving—every year we try to reinvest, to give that nice, welcoming feeling for our customers.



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**Q320 Simon Jupp:** Excellent. Clare, what impact have the strikes in the US had on the post-pandemic recovery, and when do you think that attendance will go back to pre-covid levels? We keep hearing evidence that it is not quite there. We know that several parts of life have not returned to pre-pandemic levels yet, including bus travel and cinema-going. When do you think that could happen?

**Clare Binns:** As I said, I'm an optimist too, but very definitely there is a crisis. However you look at it, we are in a very different place from where we were pre-pandemic, in terms of whether people come back in the same ways and how they choose to see what they want to see. I will just defend Watershed and the likes of us a bit: yes, we did all play "Dune", but we were playing lots of other films as well, so it wasn't quite as simple as that.

I think it is going to be very hard, not just for the likes of Picturehouse or the independents, but for the mom-and-pop cinemas, like the cinema you talked about in Sidmouth. For them, the real difficulty is the fact that their costs have gone up so much. Utilities have gone up over 40% over the last couple of years. It is really difficult for those mom-and-pop cinemas, small cinemas and the Scott chain—all those cinemas. They are anchors for local communities. The costs of running those cinemas are making it almost impossible for them to survive in many cases—not in all.

A lot of the independent cinemas get public funding. The large majority of independent cinemas in the UK do not have that luxury, and yet they are still as important to local communities. I do not know when the audiences will be back; all I know is that it is very costly for those cinemas to wait for those audiences to return.

**Q321 Dr Huq:** Thank you for our Picturehouse in Ealing; we now have eight screens—I think it is the biggest one. I am sorry that the Vue went from Acton. Someone else took it over, and it is now an Odeon Luxe.

I want to ask about genre. Last year, 16 of the 20 top-grossing films were prequels, sequels, live action remakes or existing franchises. Is that because the public get what the public want, or is that because there is no arty alternative?

**Clare Binns:** I think the public would like more choice. We have talked a lot about the money that it costs to promote a film and get a film out into the world. Distribution is quite difficult. Picturehouse is also a distributor, so I know how expensive it can be to compete with studios that are selling their American films. That is essentially what those films are: they are coming from Hollywood. It is not a level playing field.

I think that the public have got tired of sequels and franchises. The studios are very risk averse, and understandably so: if they are putting \$100 million into making a film, they have to calculate the risk for something like that. But I think the public want choice. They want other kinds of films. They want to be able to have a different world view from the Hollywood world view.



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**Alex Hamilton:** I concur with Clare on that notion of world view and with Tim's point about a lot of other countries having very robust local film economies, where the people of that country go to see films that are identifiably from that country. That is not the case in this country, I would say. The highest grossing British film last year was "The Great Escaper", at just over £5 million. We had the second highest, at just under £5 million. This year, we have two of the three highest grossing British movies, with "Wicked Little Letters" and "Back to Black". So there are opportunities. British audiences do want to see films about identifiably British subject matter, however we should see that.

We have to recognise that the commercial performance of UK films is under very serious threat. I work for a company that is headquartered in Paris. We make British films, but it is not as if we are a British studio. With the US studios, obviously those decisions are made in Los Angeles and rolled out across the world with a global marketing campaign. That is a huge point in making those films the highest grossing films in any given year.

When we take big bets on British films, we have to lay off the risk. Even with "Paddington" at the end of the year, which will be the biggest British film of the year by some distance and perhaps one of the biggest films of the year, we still needed a US studio to come up with part of the financing, because we don't operate on a global basis whereas they do.

Q322 **Dr Huq:** I saw "Back to Black" over the weekend, actually, and I have also seen the Bob Marley film. Is that another boring genre of just people with no imagination? It is just real-life things that happened in our lifetime, not that long ago.

**Alex Hamilton:** Whatever our own individual taste, and no matter whether we like an individual movie, it is gratifying that we can make a film that is entirely shot in London, apart from one day, and is about an identifiable British artist. The financing model on that is very different from the financing model on the Bob Marley film, which was a Paramount film about a global historic superstar of music.

Q323 **Dr Huq:** Tim, are people just being served up the same thing again and again?

**Tim Richards:** Last year is really difficult to look at as a normal year, because it was still significantly down on the pre-pandemic period. What the last two years have shown is that every demographic group for every genre of film has returned to the cinema. Going back into 2022, look at how "Belfast" did. It was a black and white film about an 11-year-old boy growing up during the troubles—you can imagine that Hollywood pitch! The fact that it did—

**Dr Huq:** It did have a famous name behind it.

**Tim Richards:** It did, but a famous name only gets you so far. It opens the door; it doesn't get you through it. But it is an extraordinary film that did £16 million in the UK, which made it one of the highest grossing black



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and white films in about 50 years. That shows that demand for high-quality British and independent film is absolutely there.

We use AI to book our screens exclusively, and our AI has been an incredible tool, because we know what our customers want to see right across the entire country. As an example, we know that there is a small Asian community in Inverness, so we will bring them Asian films. We have that level of granularity in our business and that is one of the reasons why we show so many movies to so many of our customers.

Q324 **Dr Huq:** If we are asking, “Why would an independent film make it? Budget? Casting? Story?”, are you saying that it is all of the above? What is the X-factor thing that an independent film needs to break through?

**Alex Hamilton:** Oh, to break through? You need somebody who is prepared to spend a lot of money marketing it.

**Clare Binns:** Yes, at the end of the day marketing—the money that is spent to get a film out there to the audience—is key. Last year, we released a British film called “Scrapper” by a young first-time female director. We are lucky that we have cinemas as well, so we always have a base where we can push to our audiences, but at the end of the day it was about how much money we spent on that film in order to get it visible to an audience. That is how you break through.

**Alex Hamilton:** Within that, “Scrapper”, “Rye Lane” and “How to Have Sex”, which were all universally admired movies in their own context, were all seen by not a lot of people at the cinema.

**Clare Binns:** Absolutely.

**Alex Hamilton:** It is very important to remember that. These are films perceived to be by burgeoning new talent—the next wave of film makers who might make great films—but not many people went. The reason why not many people went is that the economics for Clare and for any of the rest of us mean that you cannot commit the same kind of marketing spend that you can if you are backed by a Hollywood studio, which, remember, gives you that global hit.

**Clare Binns:** Also, to be brutally frank, a lot of it now is not about the theatrical. The theatrical is the window for it going on streaming platforms, and a lot of the streaming platforms are very cautious about the films that they take on to invest. When you are releasing an independent film, you need all the stages of the digital at the end of the theatrical. If you don’t have that, it makes it really not economical to release the film.

**Alex Hamilton:** But the theatrical still creates the value.

**Clare Binns:** Yes, the theatrical creates the value.

**Tim Richards:** That is one thing that hasn’t changed in 100 years. We are the engine that drives all the ancillary revenue streams. Over the pandemic period, the Hollywood studios and other film makers realised





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how important we are to launching their movies and how we are the best way to monetise their movies. That is why you have seen a complete 180° turnaround with the studios in particular and other film makers. During the pandemic period, they released their films directly to streaming services. Without exception, every single studio has now come out publicly and said that was a mistake, and they have now supported the screen sector worldwide.

Q325 **Chair:** Clare, I am thinking of films like “Scrapper”, which I thought was a great movie. Back in the day, when “The Full Monty” came out, it was pretty much a low-budget, British, independent movie, and the first time that I went to see it the cinema was quite empty. It was word of mouth, and it took time; there was a galvanising process.

**Clare Binns:** It was released by a studio, though.

**Chair:** Yes, but I am using that as an example of how it took time for that movie to pick up a groundswell of support. I went back to see it some weeks later, and you couldn’t get a ticket; it was absolutely heaving, because everyone had gone round telling all their friends how brilliant it was and everyone was going to see it. I get the sense that you no longer have the time for that to happen organically; you have to either get quick support for a film or pull it. Am I wrong?

**Clare Binns:** The model now is much more that people pull films off very quickly. Back in the day, films were allowed to breathe more than they are now; it is always on to the next one and the next one and the next one. That is very much an American model; it is driven by the way that it works in the States.

That said, Picturehouse as a company tends to keep films going on. For example, we are still playing “Anatomy of a Fall”, which we released, in one or two venues 25 weeks after it opened. We are a believer that for certain films—not so much for the blockbusters, but for the more independent kind of films—audiences take a while. They do not all rush out on the opening weekend, so it takes a little time for those films to breathe. But for the independent and mom-and-pop cinemas throughout the UK, it is very difficult to let films breathe, simply because of the economics of running the cinema; they have to get the new film in.

Q326 **Chair:** Alex, “Wicked Little Letters” is an interesting example of this. That is another great film. You are going to think I am obsessed, but I have seen that too and thought it was brilliant. That is still going in some cinemas, about eight weeks after it was first released. Why? What can we learn from the experience of “Wicked Little Letters”?

**Alex Hamilton:** First and foremost, it is a film that pleases an audience. The reviews for the film were not spectacular—they were okay—but really it is a film that pleases an audience. It is a very enjoyable experience. It also served a traditionally underserved audience and it has good performers.



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I hasten to add that the film wasn't cheap. It was just over the £15 million mark that we talk about for low-budget independent films. It was ultimately only made because of an exceptional set of circumstances, which included the enthusiasm of us but also up-front support from Canal+ for us to make it, even though we thought the margins on the film would not be as high as they should be on a standard investment.

I guess the point is that the hits are always bucking the trend rather than following the trend, and that is one of the challenges. Even something like "The Full Monty" all those years ago did actually open at No. 1; it was just one of those spectacular word-of-mouth stories that carried on and carried on. With "The Full Monty", they did have to spend quite a lot of money to get it started. That goes back to my point that, quite often, making that commitment to spending money on releasing the film is, as Alex Ferguson would say, squeaky bum time, because you are just not sure what is going to happen. You think, but you can never be sure until you have got those first-day grosses.

**Clare Binns:** On "Wicked Little Letters", you are right, Alex, that it is an underserved audience. It really tapped into something that that 35+ audience doesn't get enough of, frankly. They don't want to see Marvel heroes; they want something that they can identify with, and that film gave it to them.

**Chair:** I can definitely identify with that. I could watch Olivia Colman swearing all day long.

Q327 **John Nicolson:** Thank you very much, all of you, for joining us. I was interested, Mr Richards, when you said that cinemas drive footfall into local areas. Does the footfall depend on the area, as you suggested with your Inverness story, or on the type of film that you are showing?

**Tim Richards:** No, I think it is a wide selection of films, and that is what we do. I was a huge fan of "Wicked Little Letters" myself—we are still playing it, by the way, in quite a few of our screens—and I agree with Clare about the importance of the tale.

Cinemas themselves, small and large, play a major role in communities. I frequently get letters from very small communities saying, "There is an opportunity there," and we look at them very carefully, because there are audiences who love movies everywhere. There is no shortage of examples of the impact of cinema, certainly from the standpoint of mental health and getting people through the very difficult times during the pandemic, and on the local community. Everyone here can probably remember the first movie they saw on their first date or whatever. We are a very big part of every community, and that has not changed. It is growing as we speak.

Q328 **John Nicolson:** I remember interviewing Terence Conran about the importance of the visual for food and he said it was something quite distinctive to the UK. In France, for example, people would go to a restaurant just for the quality of the food alone, but in the UK there has got to be visual stimulation; you have got to produce an elegant or



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trendy-looking restaurant. How much has that played into your calculations as well? I go to a cinema in Aldgate. It is very cool and groovy, with mid-century modern furniture, which I happen to like and is what drew me in initially. I was walking past and I thought: "That looks quite nice." There's a coffee shop and I booked up subsequently. Am I unusual, or is it quite common that it is the look that drives people's footfall?

**Tim Richards:** Movies are the ultimate driver. We try to cater for what our customers might like. There is certainly no shortage of demand for popcorn in the UK. I think our customers love popcorn and sweets. Every market is different. It is telling customers, if they want to have a little pizzeria before or after their film—

Q329 **John Nicolson:** You learn all this through AI?

**Tim Richards:** No, that we just learn from experience. AI is really for the movies themselves. The AI determines what movie we show, in what cinema, on what screen and at what time. It has been an extraordinary tool. It has allowed us to play considerably more movies and to play them for longer. There may be an instance—as today, with "Wicked Little Letters"—when we know there is an audience who might not want to go on opening weekend, but still want to see it on a big screen. We will cater to them. When was that released?

**Alex Hamilton:** On 23 February.

Q330 **John Nicolson:** Yes, I wouldn't go to an opening weekend, because I do not like the crowds; I like it to be a bit calmer and quieter. I am interested that all three of you were nodding along to the importance of marketing—though I think you mentioned that "The Full Monty" was word of mouth. How important are reviews for films? Again, all these things are personal, but I read film reviews and they would not always determine whether I go to see a film, but I might rearrange from different reviews, because a couple of reviewers I would pay attention to, I think.

**Tim Richards:** There are times when it is almost counter-review, depending on whom you are reading—

**John Nicolson:** Philip French is the one I always read.

**Tim Richards:** Reviews play a role, and I find it very frustrating when smaller and independent films in particular get very negative reviews, unfairly, I think. Reviews play a role, and there are times when I want to—in fact when I have done—call or write when I feel very strongly about smaller films, when I really disagreed with a reviewer's thoughts of them. Reviews do have an impact, because whether it is one, two or more customers, it might be hard to say, but they do have an impact.

**Alex Hamilton:** It goes back to that notion that everyone is a critic. One thing is interesting, as you mentioned Philip French. Philip French was known as a proper film critic, who knew his stuff, and you would take his opinion very seriously—



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**John Nicolson:** And he would reference half a century—

**Alex Hamilton:** Of film knowledge, yes.

**John Nicolson:** He would refer to black-and-white films that he had seen when he was first working as a film reviewer.

**Alex Hamilton:** And there remain a few proper film critics—there are some very good and serious-minded film critics who engage with the material. I think that one of the things that has happened, though, which probably speaks to the notion of how the centrality of reviews is not quite what it was, is that a lot of publications now do not even have film critics. Recently, we fell foul of an *Evening Standard* reviewer who is not a film critic, but gave a page 1 review of a film. At the time, we thought, “Well, this is not a great review of one of our movies—that’s not great”, but it is interesting that that whole ecology has shifted and that a lot of publications simply do not have what I would characterise as proper film critics.

**Clare Binns:** And they do not review many films. You would find that if it were a small or foreign-language film, they might not review it.

Q331 **John Nicolson:** Yes. I find that when I google to see what the reviews are, far too often the films are just the most obvious ones, and there is a sameness among the reviews—it is almost as if they are reading one of those reviews for validation of what they are going to say.

Ms Binns, you mentioned the international model and people wanting a different world view. That is interesting. Is that really so? Isn’t it the case that the Americanisation of movies is almost universal now? He said provocatively!

**Clare Binns:** Not at all. Mark and Catharine talked about it, but we are doing huge amounts of rep now, huge amounts of seasons and festivals. There is a real appetite, particularly among younger people, for films on the big screen that they have never seen before. They want to see films from all over the world, because stories are not just about the UK and the US. It is a real, global desire to understand a story whether it comes from Japan or wherever else. They can be excited by that.

**John Nicolson:** And the universal human experience.

**Clare Binns:** Exactly.

Q332 **John Nicolson:** I am watching something at the moment that is absolutely gripping, and it is making me rush home to catch up with the next one. It is one of yours and I am amazed I haven’t seen it before. It is “Spotless” and it has just popped up on Netflix.

**Alex Hamilton:** Oh, right—the TV side.

**John Nicolson:** Yes, but it is StudioCanal and it is on Netflix. It is interesting because it is a French production with French actors, speaking English, and set in London. It has a bit of a “Killing Eve” vibe about it. It is



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clever and I cannot believe that I am told there is only one series. I am heartbroken about it.

**Alex Hamilton:** One series is because the perceived wisdom, in terms of foreign language television shows within the UK broadcasting infrastructure, within which I include streaming—

**John Nicolson:** This is in English.

**Alex Hamilton:** It is in English, but it is perceived to be rather challenging. I cannot speak with as much knowledge around TV commissioning—I have some knowledge of it, but it is a very different process. Television commissioning is almost a business-to-business environment.

Q333 **John Nicolson:** Although series like that are cinematic, aren't they?

**Alex Hamilton:** Well, yes, they are, but—

**John Nicolson:** They are. They read as cinema even though it is a series.

**Alex Hamilton:** But its delivery is in serial form.

Q334 **John Nicolson:** Before we finish, and before I hand back to the Chair, I just want to ask all of you, as I asked the first panel, about the idea of a levy. I don't know if you heard us say, but we have been to France trying to take evidence from what we can learn. Of both your predecessors, who were here in the previous panel, one enthusiastically said he thought the levy would work and the other said he was very open to the idea of the levy. Could I ask the three of you, do you think this is a runner? Would it help?

**Tim Richards:** I think we are going through a very fragile recovery as an industry. That is all screens of all sizes. I think adding an additional burden would be very difficult. Looking at experiences outside of the UK, what really has helped is a VAT break. If you look at the numbers in our other markets, you will see that Germany is now 7% against 19% normally, Italy 10% against 22%, Poland 8% against 23%, and so forth. A small break like that, for the industry, would go a long way for the screen sector. Also, following the Italian model and a few other markets, help through actual tax concessions or breaks, with refurbishments or new screens, would also help. A disproportionate amount of that help would go to smaller operators, to Clare's point. We know the numbers right now: 50% of smaller operators are suffering and most likely operating at a loss today. They do need help and some of those small steps can go a long way.

**Alex Hamilton:** On the levy, it has always been a source of much debate, obviously right back to the Eady levy, which appeared to coincide with a very robust time of British cinema. It also ended up, essentially, losing its purpose because cinema operators were trying to hit quotas, which probably isn't the thing to burden them with.



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You mentioned that you have been to France. With France, it has historically been a more cohesive system right the way through the value chain, from the production side, to the distribution side, to the exhibition side. If I were to suggest one main take-home, it is actually seeing that overall value chain as a coherent whole, and any policy recommendations considering all of those parts of the chain.

**Clare Binns:** I agree with Tim. I think we are in a very fragile state at the moment. The VAT reduction would help not just the independents; it would help us all in what is a very difficult time. If you think about it, cinemas are the anchor in so many communities. I feel really passionately about this. This is not just Picturehouse, but communities all through the UK—that kind of help would secure those venues, which then brings in the restaurants, the shops and the communities that come out to those cinemas. That, for me, would be the most significant help. On the distribution side, I think help with being able to release films, with some tax credit for films under £15 million, would be a big help.

Q335 **Julie Elliott:** I have to say that my view of film critics is that I usually think the opposite. If a film gets a good review, I usually think, “Well, I won’t like that.” Not always, but usually—I might have a quirky taste!

Tim, local films perform well in European markets. Why do you think local British films don’t perform as well in the UK market?

**Tim Richards:** I think they do. I just don’t think there are enough British films out there. I think you see a disproportionate number. Again, you have to look pre-pandemic, post-pandemic and at recovery because success breeds success. In all our markets in continental Europe, we have seen a couple of local films do very, very well. “There’s Still Tomorrow”—“C’è ancora domani”—is a case in point. That film is a calling card to financiers that this is a vibrant business worth investing in. And right now, we are lacking that. I think we just need a little bit more stimulus here in this country to get film production going. I think, again—credit to Government—the 40% tax rebate right now is huge. It’s not to be underestimated. We need to give that a little bit of breathing space because I think that is going to actually do very well here in the next couple of years.

Q336 **Julie Elliott:** Do you agree with that, Clare?

**Clare Binns:** I think that British film will be supported by the tax reduction, but then, like in France, it has to be the whole ecosystem. It’s great that there will be more films being made, but they need to be distributed and they need to be shown. You need to make sure you have got every bit of that working, rather than just having lots and lots of films being made with nowhere to go.

Q337 **Julie Elliott:** Moving on to France, Alex, how does the UK market differ from Studiocanal’s experience in France?

**Alex Hamilton:** Vastly, largely because of what Clare just talked about. It is an entire ecosystem geared to the promotion of French cinema. Studiocanal France, for instance—I’ve only been at Studiocanal for four



years, but it astonished me that they have a working model and a very robust business model from releasing mainstream French films of all kinds in a variety of genres, and that underwrites what they do. I think it's fair to say that that is impossible for a UK company to do. To Tim's point: I think films can do well, but it is a question of "can". This is not just pandemic issue; it was exacerbated by the pandemic, but it was happening before then. The evidence of the past few years is that British films haven't performed well from the perspective of people in the UK going to see them in cinemas, compared with other markets.

**Q338 Julie Elliott:** Why do you think that is?

**Alex Hamilton:** Curiously, it is the paradox of the language. Obviously, you are getting films in the French language, the German language and the Dutch language, so sometimes the English language actually works against us because we are competing very directly and more clearly with American films. Partly it is to do with perhaps a less 360° film culture here compared with France. I think that takes a generation to change. It is perhaps not something around policy; it goes right back to notions of training, education, the school curriculum—everything. Practically, in the shorter term, one of the ways to enumerate that would be to think of the ecosystem at large, because I think we do run the risk of a sudden supply of British movies, which does not necessarily mean that demand will follow in quite the way that we would want it to, unless we create circumstances whereby we can encourage that demand.

**Q339 Clive Efford:** What effect would a 25% tax relief on print and advertising costs in lower budget films have on distribution for UK films?

**Clare Binns:** A lot.

**Clive Efford:** I suspected you might say that.

**Clare Binns:** As I said, it's the ecosystem. That would be a fantastic bonus to us when we release smaller films, because that is very costly and the risk for us with smaller films is profound. It is about having the cinemas and the cinemas' support to show them, so it really would make a big difference to us. I'm sure it would to you.

**Alex Hamilton:** We would make more British films and spend more money on them; bluntly, that's what we would do. Over the last four years, there have been countless instances of us either greenlighting a film or not greenlighting a British film. We are a producer-distributor. Obviously, when you make the investment, you are re considering not only how much it's going to cost you to make the film, but how much you're going to have to spend to generate the revenues that you want to. I am cribbing from the BFI's research and statistics unit: they estimate that it would cost effectively just over £9 million a year, when we've been looking at a sum around production which obviously dwarfs that. So it does strike me as a relatively less expensive way of generating British audiences seeing British movies.

**Q340 Clive Efford:** The Government are now supporting the production of



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independent films through the tax relief and the tax credit. What will happen as a consequence of that if we are producing more films but we have not solved the issue of demand and got bums on seats to watch those films?

**Clare Binns:** They will disappear. It won't work.

**Alex Hamilton:** You'll be in a counter-narrative of, why have we invested all that money in British cinema when people aren't going to see the movies? It's really, really important, as I say, just to go back to that notion of when anyone invests in a British film, they are not simply assessing how much it's going to cost to make; it's also how much it's going to cost to market. Those two key factors make the investment or not.

Q341 **Clive Efford:** So I suppose the follow-up question is, what can you do then, as the people who need to attract those audiences and generate that demand? What can you do in response to what the Government has done?

**Alex Hamilton:** Spend money, which we do. We have had two very successful British films in the past few weeks; we spent a lot of money marketing them, and we have been very well supported by our exhibitor partners. It can work, but consider that those two movies, and "One Life", which was referenced earlier, have grossed more than any of the other British films bar "Belfast" since the pandemic. I don't think that reflects a flourishing film culture, when you've only had four or five British films gross more than £5 million over a three, four year period. That's unique, actually, in terms of underperformance compared with any other territory.

Q342 **Chair:** Tim, you spoke about how you use the AI tool to program your screens. If AI is trained on what went before, and demand for British independent films has fallen over recent years, as Alex says, how can you be confident that AI isn't somehow underestimating the potential demand, and then as a consequence, failing to offer your audiences new content?

**Tim Richards:** Hopefully, the numbers speak for themselves. Forty-six per cent of the movies that we showed last year were foreign language films. The AI is an absolutely incredible tool. It took us eight years and 53 models in beta to perfect it, and we were the first in the world to do anything like it. It is a classic AI model, where it is better today than it was yesterday. It is constantly learning and improving. That is why we were able to show Alex's film, "Wicked Little Letters", today because the AI knows there is an audience for that. Not only does it know there is an audience for it, but it knows where that audience actually is across the country. It has allowed us to play more British films, more independent films and more foreign language films than almost any other player right now.

Q343 **Chair:** Can I ask you about skills and training and workforce retention? Next month we have a session on that specifically. Based on your time as chair of the BFI, what do you think we should be asking our witnesses on





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that occasion to get to the bottom of why there is such a skills crisis in the industry, despite the fact that there are so many initiatives across the sector and so many people who are desperately keen to get into it?

**Tim Richards:** If you look at the successes we are having today as a nation, the disproportionate number of awards that we win today, it is because of the investment that was made in the sector 20 years ago. Now is not the time to take our foot off the gas when we need it more than ever. You can certainly see the impact that that has had. From a personal standpoint, education—I was chair of Skillset Film Skills—has been a very big part of what I wanted to do. That was even one of my high priorities during my 11 years at the BFI, because that is identifying future film makers. There are a number of factors, but one of them is there are too many people doing too many things. I think we need to bring it down a little bit, consolidate a little bit more. I am very jealous of public money, and I think that we can do things a little bit more efficiently right now on the educational side. Part of it is getting the word out to small communities and small, lower-economic groups that there are opportunities here in this industry, and you do not have to be a lead actor or director. There are skills needed for hairdressers, set designers, carpenters and writers, and we need all those skills. That is why I love the London Screen Academy because it is teaching core skills for film making, and it is also bringing lower-economic groups to jobs that are well needed, and that is everywhere across the country.

Q344 **Chair:** With that reflection on your time at the BFI, what else do you think we should be asking the BFI when they appear in front of us in a few weeks' time?

**Tim Richards:** I think the BFI has done an extraordinary job in the last few years, not just under my tenure but under previous tenures as well. The only thing I would say for the BFI going forward is that it should not be afraid of commercial British films or afraid to identify, support and nurture commercial British films. It might be part of the bigger issue that there has maybe been too much commitment to the cultural side at the cost of the commercial side. That would probably be my only small issue, which is evolving. Even with that, it is trying to find tomorrow's Chris Nolan, and I think that is what the BFI really excels at.

Q345 **Chair:** Thank you very much. As we reach the end of our session today. I will ask the same question I asked our previous panel: is there anything that you wish we asked you? Is there anything else you want to get off your chest before we conclude today's session?

**Alex Hamilton:** I don't think so.

**Clare Binns:** Just to reinforce again that we need to create an ecosystem. That is the most crucial bit of having a thriving, healthy sustainable industry that covers all kinds of cinema.

**Tim Richards:** I want to thank the Committee because it is the right time to be having these discussions. We are at a pivotal point in our industry, and I think we can really turn the tide and make a difference.



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**Chair:** Thank you very much indeed. It has been very good to see you all today.