

Written evidence submitted by
Department for Culture, Media and Sport

**DCMS written evidence to the Culture, Media and Sport Select Committee
inquiry into British Film and High-End Television**

Executive Summary

The Government is committed to the continued success of the Film and High End TV (HETV) industry, and of the UK's creative industries more widely. As set out in our [Creative Industries Sector Vision](#), our ambition by 2030 - underpinned by £310 million in Government spending - is to grow the creative industries by an extra £50 billion; to support one million extra jobs; and to maximise the ability of the creative industries to enrich all our lives.

DCMS welcomes this inquiry into the UK's Film and HETV industry. The Film, TV, Radio and Photography sector delivered £17.4 billion in GVA to the UK economy and a workforce of over 290,000 in 2021;¹ with the most recent statistics from 2019 indicating that Film and HETV alone contributed £11.9 billion in GVA and over 195,000 jobs.² Our iconic Film and HETV offerings, from *Bridgerton* to *Belfast* and *Paddington* to *Peaky Blinders*, provide a huge source of soft power on the global stage. They showcase the best of British talent - both on screen and off - with UK films and talent having won 346 awards (an average of 27 per awards season) from across the Academy Awards, BAFTA Film Awards and the five major film festivals since 2010.³ And they promote our renowned heritage assets, with 66% of tourists saying that British locations and landmarks in film or TV influenced their decision to visit the UK.⁴

The UK is one of the most attractive destinations in the world for the production of Film and HETV, with a record £6.27 billion generated through production spend in the UK in 2022, of which £5.37 billion - or 86% - came from inward investment.⁵

The strength of the UK's Film and HETV ecosystem is built on a combination of Government and industry investment - including through the Government's competitive audio-visual tax reliefs; our public service broadcasting system; world-class studio infrastructure; award-winning cast and crew; and cutting edge innovation in areas such as visual effects and post-production.

The Government recognises the current challenges facing the industry, and acknowledges that more can be done to empower the industry to thrive. We will continue to focus on maintaining a strong and globally competitive sector - from keeping tax incentives modern, agile and attractive; to working with industry on skills

¹ DCMS, [Economic Estimates](#) Jan-Dec 2021 (2022)

² BFI, [Screen Business Report](#) (2022)

³ BFI, [Awards for UK films and talent in 2022/23](#)

⁴ BFI, <https://www.bfi.org.uk/industry-data-insights/reports/international-audience-perception>

⁵ BFI, [Film and other screen sectors production in the UK: Full Year 2022](#) (2023)

development; to supporting the sector to remain world-leading in its embrace of new technologies.

1. How attractive is the UK as a global destination for the production of film and high-end television?

The UK is one of the most attractive Film and HETV production destinations in the world, with the record production spend of £6.27 billion in 2022 forecasted to continue increasing to see a projected growth to between £7.1 billion and £7.5 billion in 2025.⁶ Inward investment is a significant majority of production spend - 86% in 2022 - contributing to the growth of the UK economy and the creation of jobs across the country, though there is an impact as noted below on the ability of the UK's independent film sector to compete with bigger productions.

The emergence and rapid growth of global Subscription Video on Demand (SVOD) services has changed the landscape of Film and HETV production in recent years. Growing demand for UK content has been reflected in welcome investment by global streaming services, with SVOD commissions for UK TV content reaching approximately £300 million by 2021, largely driven by a high average spend per commission on a relatively small number of programmes (High End TV).⁷ Showcasing their commitment to and confidence in the UK, Netflix announced in April that they had made an almost \$6 billion (approximately £4.8 billion) investment in the UK between 2020 and 2023⁸, and Amazon Prime Video has invested more than £1 billion in UK content production since 2018.⁹

Whilst the largest studios are clustered around London and the South East, the UK boasts of seven major production hubs across the whole of the UK, with the other hubs in Bristol; Manchester and Liverpool; Leeds; Belfast; Glasgow and Edinburgh; and Cardiff.¹⁰ These hubs are areas that benefit from quality studio space, a skilled local crew base, attractive filming locations, strong transport links, and production support facilities such as equipment hire. These hubs, and the wider growth of Film and HETV production and investment, are driving regional growth by creating local jobs and attracting tourists to filming locations e.g. *Poldark* in Cornwall, *Outlander* in the Highlands, and *Game of Thrones* in Northern Ireland.

With both consumer demand and production spend growing, the UK is globally well positioned to capitalise on the economic opportunity presented by Film and HETV, with Government support in two key areas underpinning this:

- Continued commitment to generous audio-visual tax reliefs which, underpinned by effective administration, play a key role in boosting competitiveness, incentivising the production of culturally British content, and

⁶ ScreenSkills, [Forecast of labour market shortages and training investment needs in film and HETV production \(2022\)](#)

⁷ Ofcom, [Understanding the UK's TV production sector](#)

⁸ <https://about.netflix.com/en/news/netflix-reveals-6-billion-investment-in-british-creative-economy>

⁹ <https://www.aboutamazon.co.uk/news/entertainment/prime-video-reveals-an-investment-of-1-billion-in-tv-movies-and-live-sport>

¹⁰ BFC [2023 Brochure](#)

contributing to economic growth by attracting significant inward investment. Since the reliefs were introduced, UK expenditure under these reliefs has amounted to £21.6 billion for Film and £10.9 billion for HETV.¹¹ According to a British Film Institute (BFI) survey of producers who accessed the tax reliefs between 2017-19, 92% of Film productions and 84% of HETV productions would not have occurred without the existence of these tax reliefs.¹² At Spring Budget 2023, the Government announced that Film, High-End TV, Children's TV and Animation tax reliefs will be reformed into a single Audio-Visual Expenditure Credit, which will provide a greater benefit than the current tax reliefs. The Government is also considering the case for further targeted tax support for VFX work, and will provide an update on this later in the year.

- Investment in studio infrastructure over recent years, with the £5 million Studio and Stage Space Development (SSSD) programme, funded by DCMS and delivered by the British Film Commission, supporting a significant growth in studio space from 3.2 million sq. ft. in 2019 to 5.3 million sq. ft. in 2022/23 to accommodate growing demand for UK productions - with new space built at Sky Studios Elstree, Warner Bros. Studios Leavesden and Shepperton Studios, as well as across the UK at Versa Leeds Studios, The Bottle Yard in Bristol, and The Depot in Liverpool. This new space adds to the wide range of state of the art facilities already available across the UK, including assets such the globally unique studio-based, permanently-filled, underwater filming stage at Pinewood Studios.

Whilst the UK Film and HETV sector has seen strong growth in recent years, the Government is eager to continue to empowering the sector, and recognises that there have been and still remain challenges to maintaining a successful, thriving industry and to increasing levels of inward investment in Film and HETV, including:

- The Covid-19 pandemic, which had a significant impact on the industry, with productions initially halted and then adapting to health-related restrictions. During this period, the Government provided unprecedented economic support through employment support schemes. This included the Coronavirus Job Retention Scheme, which succeeded in supporting 11.7 million jobs across the UK (with employer claims totalling £70 billion), ensuring that throughout the pandemic, employees received 80 per cent of their usual salary for hours not worked, up to a maximum of £2,500 per month, as well as the Self-Employment Income Support Scheme, which paid out over £28 billion across all five grants to nearly 3 million self-employed individuals. Sector-specific support was also provided, including through the £1.57 billion Culture Recovery Fund which protected over 5,000 organisations and supported 220,000 jobs in the arts, heritage and creative sectors, and the £500 million Film and TV Production Restart Scheme, which supported over 100,000 jobs and productions worth more than £3 billion, ensuring that the sector was ready to capitalise as quickly as possible on pent-up post-Covid demand.¹³

¹¹ HMRC, [Creative Industries Statistics](#) (2022)

¹² BFI, [Screen Business Report](#) (2022)

¹³ Nordicity & Saffery Champness LLP, [Impact Evaluation of the Film and TV Production Restart Scheme](#) (2023)

- Increasing international competition, with countries across the world looking to develop their Film and HETV industries by offering attractive fiscal incentives to producers, including on tax. The UK's tax offer remains amongst the most generous in the world, with the UK's offer having specific competitive strengths including that: it is an uncapped pot; it is not selective in terms of what is provided relief as long as the broad underpinning cultural test is met; it allows interim claims to be made; it has no sunset date; and it is more generous than many competitors in terms of what is included in qualifying spend (such as 'above-the-line' expenditure irrespective of nationality, and core later stage expenditure where there are 'residuals'). Coupled with other unique selling points such as our filming locations and skilled crew, we are confident that the UK will retain its standing as a leading global film production destination.
- Current strike action by the Screen Actors Guild which, whilst it is a US industrial matter, impacts the global film industry ecosystem within which the UK benefits from a significant volume of US investment in particular. As such, UK productions and crew will be affected whilst the strike continues, with a longer tail for related fields such as VFX, post-production and cinema exhibition. The resolution of strike action by the Writers Guild of America was a positive development, and the Government hopes for a swift resolution to the performers' strike so that the UK's industry can get fully back up and running. The Government will continue to engage with stakeholders across the industry, from studios and streamers to unions, to understand the full impact. HMRC's 'Time to Pay' policy may provide some support to businesses and individuals experiencing temporary financial difficulty, allowing them to schedule tax debts into affordable instalment arrangements. The Government will also continue our wider support for the screen industries through generous tax reliefs, investing in studio infrastructure, supporting innovation, and promoting independent content.
- The Valuation Office Agency's (VOA) 2023 list of rateable values - used to set business rates - for film studios, regarding which there has been some industry concern. The VOA is an independent agency tasked with maintaining an accurate list of rateable values across all non-domestic properties, and is currently engaging with the film studios in further discussion on this issue. The Government is providing over £13.6 billion of business rates support to eligible properties over the next five years, including the Transitional Relief scheme (worth £1.6 billion) which supports businesses - including existing film studios - transitioning to higher bills by capping bill increases.¹⁴
- Maintaining and growing the strength of the pipeline of skilled workers entering the sector, and supporting the skills development and career progression of creatives in the sector. The UK's status as a globally competitive destination will depend heavily on these factors, and this issue is discussed further in question six below.

¹⁴ [Autumn Statement 2022: Business Rates Factsheet - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/114444/Autumn-Statement-2022-Business-Rates-Factsheet.pdf)

2. What are the current challenges facing the UK's independent film production sector?

The independent film production sector is important in supporting the pipeline of British talent both on screen and off, as well as in showcasing our national identity and creating a sense of pride. Whilst the broader Film and HETV industry is experiencing strong and sustained growth, spend on independent UK filmmaking has seen a downturn, with spend figures in 2022 amounting to £174 million, a 31% decrease on 2021.¹⁵ A 2022 BFI-commissioned study restated the case for support for UK independent film, which struggles to compete with big budget international productions or the pressure that increasing demand from global streamers puts on the UK's supply of studio space, cast and crew.¹⁶

Challenges that exist across the sector, including inflation pushing up production costs and crew shortages, are more acute for independent films which by their nature have tighter budgets and lower profit margins. Independent film is also seeing a decline in revenues, caused by lower box office profits (indicating the difficulty reaching audiences in a landscape dominated by mainstream content) and a sharp decline in global sales of packaged media such as DVDs.¹⁷ However, there have been a number of very successful commercial hits, including the likes of *God's Own Country*, *Aftersun* and *Rye Lane* - all supported by BFI funding - showing continued demand for independent British content.

In recognition of this, the Government has helped build a framework for the BFI to provide funding for the development and production of independent film from across the UK, and in March 2023 the BFI launched a new National Lottery Filmmaking Fund which includes £36.6 million over three years to support UK independent feature films. Beyond funding, the BFI further supports independent film across the UK by ensuring it is a major element of its programming in BFI venues and festivals, and through investment of £14 million in Education to support aspiring talent and £14.7 million in Skills to address challenges facing the independent sector as one of the programme's priorities.¹⁸ Public Service Broadcasters (PSBs) such as BBC Film and Film4 (Channel 4) are also prominent investors in independent film content from across the UK. The Government's Broadcasting White Paper sets out a vision for the future of broadcasting in the UK that will enable our PSBs to thrive and thus continue to underpin the success of the UK's homegrown Film and HETV production sector.¹⁹

Additionally, to support independent screen content to grow internationally, the Government launched the UK Global Screen Fund in April 2021 with initial funding of £7 million. We have committed a further £21 million to this Fund over the period 2022–25 to develop, distribute, and promote independent screen content from across the UK in international markets. The Government will continue to work with the BFI and organisations such as Pact to understand the challenges facing this part of the sector.

¹⁵ BFI, [Film and other screen sectors production in the UK: Full Year 2022](#) (2023)

¹⁶ BFI, [Economic Review of Independent Film](#) (2022)

¹⁷ BFI, [Economic Review of Independent Film](#) (2022)

¹⁸ <https://www.bfi.org.uk/news/bfi-national-lottery-filmmaking-fund-opens>

¹⁹ [Up next - the government's vision for the broadcasting sector](#)

3. What more can be done to incentivise Film and High-End TV production in the UK?

The funding, tax credit and organisational ecosystem have together helped drive record revenues and unprecedented success for the UK's Film and HETV industry. To incentivise further growth, Government and industry will continue to work closely together to deliver the ambitions of the Creative Industries Sector Vision, supporting creative businesses to reach their growth potential and international impact.

The UK's Audio-Visual Tax Reliefs are amongst the most generous in the world, underpinned by strong and effective administration from the BFI. The Government keeps tax reliefs under review to ensure that they remain effective and competitive and provide continued value for the UK taxpayer. At Spring Budget 2023, the Government announced that Film, High-End TV, Children's TV and Animation tax reliefs will be reformed into a single Audio-Visual Expenditure Credit, which will provide a greater benefit than the current tax reliefs. The Government also listened to stakeholder concerns about increasing the £1 million per hour expenditure threshold for HETV, which included the negative impact this would have on the UK's competitiveness, and announced that the threshold would remain unchanged. In addition, the Government is considering the case for further targeted tax support for VFX work, and will provide an update on this later in the year.

There are numerous funding routes within the Film and HETV industry, including [BFI funds](#) for development and production as well as for broader purposes such as building skills, growing a business, and bringing films to wider UK and international audiences. There are also country-level funds, from [Screen Scotland](#), [Creative Wales](#) and [Ffilm Cymru Wales](#) and [Northern Ireland Screen](#), as well as a number of regional funds supporting productions across the country, such as the [Yorkshire Content Fund](#) and the [Liverpool City Region Production Fund](#).

There are various organisations working across the Film and HETV landscape throughout the UK. The Government works closely and effectively with several key bodies:

- The BFI is the UK's lead organisation for film, television and the moving image. It is a Government Arm's Length Body (ALB), as well as a National Lottery distributor and a registered charity. DCMS provides Grant in Aid funding to the BFI (of approximately £19 million per annum), in addition to ad hoc ring fenced funding to deliver specific programmes on behalf of Government, such as the UK Global Screen Fund and, in previous years, the Culture Recovery Fund and the Young Audiences Content Fund. The BFI's mission is to create the conditions in which screen culture and the UK's screen industries can thrive – across the UK and around the world - and it does this through significant engagement with organisations across the sector.
- The British Film Commission (BFC) is another significant player in the landscape: there are various local, regional and national film boards, with the BFC acting as the national agency responsible for maximising and supporting the production of Film and High-End TV across the UK, for strengthening and

promoting the UK's Film and High-End TV infrastructure to attract investment, and for acting as the Government's liaison with this part of the industry.

- In addition, there are other organisations working within specific remits, such as umbrella bodies for various sub-sectors such as the UK Screen Alliance, or for various strategic issues, such as ScreenSkills.

There are also many positive examples of organisations across the sector working together - such as the establishment of the UK Production Skills Task Force for the Screen Sector, and the contribution of many in the industry to the [Creative Industries Council](#). The Government supports the industry in these initiatives, and encourages the sector to continue working together to leverage their collective strengths and act strategically to empower the industry to grow further.

4. What are the issues facing the UK's film exhibition sector?

Cinemas play an important role in the UK's film industry, in our local communities, and in driving economic growth. Total UK box office admissions reached 117.3 million in 2022, an increase of 59% on 2021 but lagging behind the pre-pandemic year of 2019 by 23%; similarly, box office takings totalled £945 million, 57% more than in 2021 but 26% behind 2019.²⁰ These figures are indicative of the film exhibition industry's growth post-Covid; whilst recovery is yet to meet pre-pandemic levels, recent box office hits such as *Barbie*, *Oppenheimer*, and *The SuperMario Bros Movie* have shown hopeful trends towards further recovery.

During the pandemic, the Government supported the sector through the £34 million Culture Recovery Fund for Independent Cinemas, as well as with our pan-economy measures such as the furlough scheme, the VAT cut on tickets and concessions, a business rates holiday, and the Bounce Back Loan Scheme. We also recognised the more recent pressures that rising energy costs had on businesses and took action to deliver an £18 billion package of support through the Energy Bill Relief Scheme. Further support for cinemas is also available through the Department for Levelling Up, Housing and Communities' £150 million [Community Ownership Fund](#), which will run until March 2025 to help community groups take ownership of local institutions, including cinemas, that have fallen into disrepair or are under threat of closure and give them a new lease of life.

The Government will continue to engage with the BFI as well as organisations such as the UK Cinema Association to understand the challenges faced by cinemas in the current economic climate.

5. What more can be done to protect and promote the UK's screen heritage?

The Government is committed to preserving our screen heritage, and funds the BFI to protect and promote the UK's screen heritage through its National Archive as well as its screenings, DVD releases and the BFI Player, all of which feature forgotten or unearthed UK film content. The BFI National Archive, supported by Government Grant-in-Aid funding, brings together the national collections of film and television, and is recognised as one of the world's greatest collections of its kind.

²⁰ BFI, [UK films at the worldwide box office, 2022](#) (2023)

The BFI has committed in its ten year strategy, *Screen Culture 2033*, that by 2033 it will have established the BFI National Archive as the most open moving image collection in the world.²¹ The BFI's ambition is to transform public access and education: increasing interaction in person and online; raising the Archive's profile; ensuring the diversity and breadth of contemporary screen works are being preserved; securing a solid and broader revenue base for the Archive; and developing the 'Screen Archive of the Future' - a major new project to enhance engagement outside of London and the South East. The BFI has also allocated £7.9 million of National Lottery funding over three years to the BFI National Lottery Screen Heritage Fund, to fund eligible organisations which hold significant screen heritage collections across the UK to widen access, develop skills and build resilience.

6. What can the industry and government do to ensure British film and high-end television can adapt for the future?

A close partnership between Government and industry is imperative in order to future-proof the sector, and is the underpinning basis of the Creative Industries Sector Vision, which sets out our ambitions to support the creative industries to thrive over the coming years.

The second goal of the Sector Vision is to build a highly-skilled, productive and inclusive workforce for the future, supporting 1 million more jobs across the UK.²² The Film and HETV industry will be a vital part of delivering this goal, with an anticipated 15-20,000 additional crew needed to meet forecasted demand by 2025.²³ As such, it is imperative for the continued growth of the sector that a strong skills pipeline is in place so that the UK can remain globally competitive and continue to attract investment from across the globe. To address this, DCMS commissioned the BFI to undertake a Skills Review, which was published in 2022²⁴. The Review outlined skills shortages across Film and HETV production, exacerbated by the dramatic growth in production in the UK in recent years. The Review noted the need for an industry-led response, and industry has already come together to form the UK Production Skills Task Force for the Screen Sector, which will respond to the Review by producing and supporting the delivery of an action plan to address the skills shortages, gaps and related workforce challenges in the sector over the next 5 years.

The Sector Vision sets out interventions across education, skills and job quality to future-proof the creative industries, including screen. The forthcoming joint DfE-DCMS Cultural Education Plan aims to support the provision of high quality cultural education for all school-age children, including careers advice and skills development. Strengthening talent pipelines for young people aged 16+ is also a priority, with 14 new creative Local Skills Improvement Plans across England announced this summer, two new creative T-Levels rolling out in September 2024, and multiple national and regional opportunities to participate in digital and creative

²¹ BFI, [Screen Culture 2033](#)

²² [Creative Industries Sector Vision](#) (2023)

²³ ScreenSkills, [Forecast of labour market shortages and training investment needs in film and HETV production](#) (2022)

²⁴ BFI [Skills Review](#) (2022)

Skills Bootcamps. Government and industry are working together to continue to improve the compatibility of the apprenticeship levy with creative working practice, pioneering Flexi-Job and Portable apprenticeships with employers such as Netflix, Warner Media, Sky, the BBC and Amazon. These interventions complement the investment the sector is already making on skills, for example the BFI's £9 million National Lottery funded 'Skills Clusters' which will support skills development and training across the UK; ScreenSkills' £19 million [Future Film Skills Programme](#) which has helped over 119,000 people progress in screen careers since 2018; and the work of the DCMS-funded, world-leading National Film and Television School.

The Government also wants to see an inclusive workforce that provides a safe and welcoming environment for everyone who wants to work in Film, TV, and the wider Creative Industries. As part of this, the BFI has developed [Diversity Standards](#) designed to drive equitable opportunity and improve representation across Film and TV, with these standards mandated for BFI funding applications. The Good Work Review, published in February 2023 by the Creative Industries Policy and Evidence Centre, was co-funded by DCMS and is the first sectoral deep dive of its kind into job quality and working practice. As committed to in our Creative Industries Sector Vision, Government and industry will work together to consider its recommendations and set out an action plan to address them. In addition, we continue to support industry-led efforts to tackle bullying, harassment and discrimination. The [Creative Industries Independent Standards Authority \(CIISA\)](#) will be established by industry in 2024 to address bullying, harassment and discrimination and provide trusted support and advice, particularly tailored to meet the needs of freelancers.

Capitalising on the benefits of technological advancements and innovation will also be key to successfully adapting for the future. The UK is already world-leading in industry innovation, with the largest concentration of visual effects (VFX) and post-production talent in the world including three of the world's largest VFX companies (Double Negative (DNEG), Framestore and MPC) headquartered in the UK - and British teams having won the Academy Award for Best VFX for five of the last six years.²⁵ The UK has also seen huge growth in the development of large scale virtual production capacity in recent years, rapidly establishing ourselves as a centre of excellence and becoming an epicentre for large feature film level virtual production stages, with an estimated 40 stages in 2021, second only to the US.²⁶ In June 2023, the Government announced £63 million of private co-investment in UK Research and Innovation (UKRI)'s £75.6 million Convergent Screen Technologies and Performance in Realtime (CoSTAR) programme, bringing its total investment to over £138 million. CoSTAR will create one of the largest networked virtual production facilities in Europe over six years (2022/23 - 2028/29), ensuring that the UK can lead in the application of the next generation of technologies that have already brought immersive experiences such as *ABBA Voyage* to the UK.

As set out in the Creative Industries Sector Vision, Government and industry will continue to support innovation more widely through increased public and private investment in sector innovation, contributing to the UK increasing its R&D expenditure to drive R&D-led innovation.

²⁵ BFC [2023 Brochure](#)

²⁶ DIT, [Virtual Production: How the UK is setting the global standard](#)

Artificial Intelligence (AI) will also play a significant role in the future of the Film and HETV industry and the wider creative industries. AI offers opportunities to maximise potential, such as by streamlining processes to free up creative time - particularly in industries such as VFX. However, there are also challenges to be considered around ensuring creatives' rights and protecting against deepfake technology. It is important that while we harness the benefits of AI, we also manage these risks and continue to protect and incentivise creativity and originality. As such, it will be important to have the right regulatory framework in place, and the Government will take a balanced and pragmatic approach that helps secure the UK's position as a world leader in AI, whilst protecting our thriving creative sectors. To support this, the Government has asked the Intellectual Property Office to work with AI firms and rights holders to develop a draft code of practice on copyright and AI. This will support our ambition to make the UK a world leader in AI research and development, while making sure our copyright framework continues to promote and reward innovation and investment in the UK's creative industries. We will be providing an update on progress with this work shortly. The Government will continue working closely with stakeholders to understand the impact AI has on creative businesses more broadly so we can continue to maximise the potential of our creative industries.

October 2023