HELL AND HIGH WATER

A Study on Project Development in the UK Screen Sectors: Films, Scripted TV and Videogames

by NARVAL Media Ltd for

BRITISH SCREEN FORUM
FRAME THE DEBATE

It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of light, it was the season of darkness, it was the spring of hope, it was the winter of despair.

"There is no more space to think, no more time to strategize."

– An overworked development producer

"The system is insufficiently front-loaded."
– An embattled TV drama director

"It would be good to be a little less invisible, to get more credit."
– A stoical script editor

"Each time a producer came through the door [of a venture capital firm], they wanted money for a project, never for the business as a whole."
– A forlorn film finance consultant

"We take more risks on speculative development these days – to get the odd prince, your need to kiss a lot of frogs."
– An upbeat producer

"A lack of time and funding in the development process is making projects increasingly difficult to package, finance and sell."
– BFI Commission on Independent Film Report, July 2018

"To make great films you need three things: the script, the script, the script."
– Alfred Hitchcock

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ABOUT

British Screen Forum

British Screen Forum is where the best informed and most influential people in the UK screen sectors convene to interrogate issues of importance and influence policy and the thinking around policy. The Forum provides a unique and trusted space for key players from the screen sectors to come together to debate the implications of the evolving landscape and the policy and regulatory environment, and to gain unrivalled insight into emerging themes and innovative technologies.

British Screen Forum has authority and impact – not only as a result of the influence, status and credibility of its members, the unrivalled quality of its insight and the high level access it provides to decision-makers, but also because it values and includes individuals, organisations and bodies who seek to frame the debate for the future of the UK screen sectors.

NARVAL Media

Narval Media Ltd provides strategic advice and advocacy services to national and international trade associations representing the various segments of the audiovisual content industries and undertakes specialised research and studies in this field.

Recent and current clients include IFTA (Independent Film & Television Alliance), FIAPF (International Federation of Film Producers Associations), WIPO (World Intellectual Property Organisation), British Screen Forum, the French Ministry of Culture, CISAC (International Confederation of Societies of Authors & Composers), France's Société Civile des Éditeurs de Livres (Project 'Shoot The Book'), the Latin American Training Centre and the UK's National Film & Television School. Contact: bm@narvalmedialtd.org

EXECUTIVE SUMMARY

In terms of research, project development has been the UK screen industries' Bermuda Triangle. Practitioners recognise the strategic importance of development but they also recognise that it is mostly treated as an informal activity, with little effort made to identify best practice.

This study was borne of British Screen Forum's conviction that the dearth of research on development impairs efficiency across the screen industries, resulting in particular in poorer risk assessment and less effective public incentive policies. The present study is intended to be a first step in improving our understanding of development as a key stage in the life cycle of screen production, with a view to initiating discussions on best practice and a fruitful exchange with the public sector agencies regarding their support for development.

In relation to film and TV, the study restricts itself to scripted content and focuses on the rights' acquisition and story and script aspects of development only, deliberately leaving out later stages (in which, typically, professionals such as line producers, location managers and casting agents will become involved).

The development process in Film and TV share many characteristics. This is not the case with games, where the delineation between a project's 'development' and its 'production' is more porous and fluid.

A. Hope and glory: General market factors affecting development in UK film & TV today

The UK screen industries are experiencing challenges due to record levels of production. Demand is outstripping supply with attendant rises in studio booking rates and wages. The same is true in development, where the UK talent pool (writers, development producers, script editors) is reportedly too shallow to meet rising demand.

The UK industry's dependency on pre-existing IP (e.g. books, plays, articles, etc) has been accelerating in line with rising demand from VOD streamers. Books are often preferred as development sources by streamers and UK broadcasters due to the element of pre-existing branding.

The combination of higher prices, less time available for adaptation tasks during the option periods due to the high demand for screenwriters, the trend towards running through both first and second options and the more restricted set of rights on offer, all these factors exacerbate the competitive challenges in development.

Project conversion rates (i.e. the proportion of development projects that convert to completed productions) are difficult to assess owing to the lack of willingness to part with such information and the considerable variations according to the type of business.

B. Who pays the piper: Development issues in the Broadcast and Streamer market

The fast growth in demand for high-end scripted content is coinciding with UK PSBs pivoting towards non-linear services alongside their traditional linear channels and relying on the non-linear components to drive their brands. TV's overall viewing share in the UK fell from 67 per cent in 2019 to 61 per cent in 2020.

There are concerns about the atomisation of development slates and financial resources across a very large number of small to medium-size production companies in TV. From a PSB perspective however, there are virtuous effects from developing across a vast spectrum as this may facilitate achieving diversity across a range of indicators.

Development workers with requisite skills are in short supply. The Broadcast Indie Survey 2022 shows that 27% of respondents thought development executives were amongst the hardest roles to fill.

Falling margins are cited by 55% of respondents in the 'Major Indie Concerns' in The Broadcast Indie Survey. This factor affects companies' ability to finance development slates.

Options for the hotter literary properties now escalate to £50,000 or well above it. The pressure encourages independents to pay more attention to original ideas rather than enter into bidding wars on books and other existing IP.

The average financial outlay for a first draft script on a TV hour, not counting overhead, is between £22,000 and £25,000, and significantly more for an experienced writer. Quotes for senior writers in TV have increased by 25 to 50% on average over the past 5 years.

Views on broadcaster-funded development deals vary significantly. Some are concerned that they may be used by broadcasters as a 'right' to keep you waiting. Others find that a broadcaster's readiness to support development costs acts as a form of market testing.

Controlling costs in early development is seen as an important discipline. It improves the ability to write off projects when early development reveals a lack of fit with the market; and it allows companies to avoid large amounts of sunk costs.

There has been a sharp rise in demands by writers to share in production fees. Some do so through their own production companies, collecting fees as co-producers.

Companies' approaches to development vary considerably. Some have annual development budgets (or, targets) whilst others prefer a project-driven approach linked to the opportunities to underwrite some development costs through a broadcaster-funded deal. Some prefer attaching a broadcaster early.

The importation of the writer's room model to the UK presents a branding dilemma for a UK industry that built its renown amongst US executives precisely because of its ability to field individual writers with very distinctive voices.

The UK industry has been practicing a not dissimilar model to the writers' room, on British terrestrial TV soaps. However, this approach has had little cross-over influence on the development of high-end drama production. Some interviewees cite entrenched snobbery as a root cause.

C. The loneliness of the long-distance runner: Development challenges in the feature film sector

The UK domestic feature film production sector remains atomised and hobbled by under-investment. The analogy to a 'cottage industry' is still apposite today.

The UK domestic feature film ecosystem today has more porous boundaries with other sectors of screen production than in the past. A rising number of film production companies have been converting to scripted drama series. Others try to maintain a 'twin track' business, developing for both feature film and TV/streamer content.

There is a widening gap in access to capital between the many cottage industry units and those relatively few high-end film companies able to call on the resources of larger entities. Outside these few companies, feature film development is still largely artisanal.

As divisions of integrated media businesses, BBC Film and Film4 have been able to support development with significant resources, thanks largely to securing TV premiere rights after theatrical on their films. However, the value of free TV has been declining steadily and there are uncertainties over the future of public broadcasters' funding.

Another historic advantage enjoyed by Film4 and BBC Film is their (relative) integration alongside the wider scripted content divisions of these major broadcasters. This unique position means there can be an easier two-way traffic flow of development projects than tends to be the norm between film and TV generally

The BFI aims to deploy its financial support holistically, not just with individual project development loans but also with slate-funding programmes, as well as cash-flow facilities for production companies' overhead and skills development programmes.

Based on the BFI database, total BFI development expenditure on all single film project development loans for the years 2017 – 2021 was £9,274,925, over 459 single development awards. The majority of Development Fund awards between 2017 – 2021 were for the filmmakers' first and second projects.

Taking into account other initiatives budgeted within the Future Talent segment of the 2017 – 2021 Financial plan (this totalled £140.1m for 2017 – 2021), our total estimate of development-related expenditure in the BFI's last five-year plan is around £41 million, or 8.3% of the £488.8 million overall Budget for those five years. Is development under-emphasised in the formulation and delivery of public sector incentives in the UK?

Feedback regarding the BFI Development Fund's culture is generally positive, with two main criticisms. First, frustration with the average time it takes to advance on a development project. Second, ambivalent response to the BFI culture of contributing notes on scripts.

One future direction for BFI could be to also fund autonomous development hubs based on models such as Microwave or the more recent Breakout (Netflix with Screen UK). As part of its Screen Culture 2033 ten-year strategy, the BFI will be launching a new Creative Challenge Fund to channel funding towards independent development 'hubs.'

Development funding for UK features has been challenged by both the pressures on budgeted producers' fees and the paucity of commercial returns to producers.

The BFI's Locked Box initiative is well-received but some producers think bureaucratic control limits their own decisions about the development resources each project requires.

The producer's equity corridor initiative (PEC), backed by BFI as well as BBC Film and Film4, is also widely supported by producers.

A 2018 report by Martin Smith concludes that the Film Tax Relief only served to increase the volume of film production activities in the UK: the fact that it is not regulated to help improve producers' bargaining position fails to address the penury of development cash.

The cash shortage affects not only development but the entire product cycle of independent film, including production and distribution – ultimately this is the result of the persistent lack of profitability that has undermined the sector for decades and against which no new public sector remedy has proven to be a magic bullet.

D. Meanwhile in a metaverse far, far away: Game's unique development paradigm

The video games industry is now the largest of the UK's digital entertainment sectors. Data by UKIE for 2021 showed an overall market valuation of £7.16 billion.

The industry faces structural issues: 40% of the companies in a 2021 TIGA survey identified skills shortages and skills gaps as the biggest obstacle to success.

The boundaries between the different stages of development, pre-production and production, are more porous in games than they are in film and TV: e.g. assets prepared for a pitch deck to attract investors may be built upon when the project is greenlit.

The blurring of lines between game 'development' and 'production' is also due to the fact that many are living games to which developers are constantly adding new features within existing versions, with users able to install updates on an ongoing basis.

The pitching standard for games has become progressively more sophisticated, with attendant impacts on front-end costs. Today, assembling a full pitch deck can take several months and employ several full-time staff. The costs can typically be between £50,000 and £100,000 or more (compared to £1,000 or less in the early 1980s).

Inflation in development costs for UK games is partly cushioned by the fact that many of the technology tools used by game companies are available for free.

The standard of pitching materials required depends on factors, such as whether they are pitching to a publisher or venture capitalist, for the first time and at an early stage; or if they are meeting a certain milestone as part of an already agreed first development funding round or, again, if they are looking to self-publish *versus* getting a publisher to commercialise the finished game, etc.

Successful games sometimes have a longer average shelf life than most film or TV: some independent UK companies have game franchises that have been running for a decade or more, with in-game add-ons and updates maintaining their freshness and popularity.

The costs of 'developing' a new game to completion tend to be significantly more elastic than they would be for film and TV production. The time from original idea to a game being ready for market launch is typically between 3 to 5 years but can often extend well beyond this average.

E. Through a glass, darkly: Film and TV – The challenge of access to capital

The asymmetric distribution of opportunities in access to development finance is evident in the different challenges faced by each of the three sectors in raising private finance.

Some UK independent companies oriented primarily towards drama series for UK PSBs and streaming and towards factual shows have been very successful in attracting investment from larger integrators.

Feature film production is the most vulnerable sector in terms of access to corporate investment. Independent film companies often have poor cash-flow and lack assets.

A key advantage of TV production companies has been the regulated nature of UK TV. The 2003 Communications Act mandated that broadcasters no longer had a presumption of entitlement to rights other than those necessary to run their primary television services. This enabled many independents to achieve revenue growth and attract investment.

Film, by contrast, has not benefitted from regulatory intervention of the kind that might have facilitated a stronger performance in retaining IP rights and building assets and cash-flow through the constitution of IP rights' catalogues.

The Film and TV sectors suffer from a persistent 'equity gap.' SMEs often fall between two stools: whilst their capital needs exceed the reach of most business angels, they tend to be too modest to trigger the interest of venture capitalists.

The equity and venture capital sectors are challenged by producers' focus on specific project development and production financing rather than the more strategic objective of growing a company.

The SEIS and EIS tax reliefs went through important rule changes before and after 2018 and are no longer available to finance individual productions: HMRC now insists on evidence that applicants have detailed business plans and long-term growth objectives. However, it is feasible today for EIS-enabled investments to attach to development as a core company activity across a slate of projects rather than individual ones.

A new additional source of public sector corporate capital is the BFI's International Business Development strand of the Global Screen Fund (GSF).

F. Great expectations: Film and TV – The Challenges of Early development

According to the Writers Guild of Great Britain (WGGB), opportunities for writers new to the UK film and TV industry to develop their craft are shrinking, despite growing demand for content. Their concern is that rushed early development pipelines foster writers who will have been pushed accordingly too fast and too soon, with too few opportunities to hone their skills and that diversity will also suffer.

Innovative solutions to this issue are being examined in some parts of the public sector: in December last year, (2021) Screen Scotland conducted a public consultation regarding possible changes to its funding guidelines.

Conclusions

This report largely corroborates certain generalisations in the industry about the challenges of development as crystallised in the familiar phrase "development Hell". The feature film and TV sectors, perhaps more so than games, suffer from a twin handicap: on the one hand, a high – and rising – demand for scarce talent, with attendant inflationary effects. On the other hand, chronic and persistent difficulties in raising sufficient cash to cover the costs of early development tasks.

It is a persistent paradox of development that an activity which not only occupies the greater share of a producer's professional time but is also deemed to be strategic, should so frequently be mired in financial penury.

Where market failure has proven to be most pronounced, in independent feature film development, we believe a discussion should be had about whether or not there is a need for the widely acknowledged importance of development to be fully reflected in public sector funding priorities. Our study concludes tentatively that public sector resources (e.g. grant in aid and Lottery) for project development may be below 10%, not counting the contribution of public service broadcasters.

UK companies are not all equal in facing development challenges. In TV, the past decade has seen some production companies achieve the degree of financial safety that inward investment by a large media group or conglomerate brings. A large component of risk in development is attached to the low conversion rate from project into funded production. Interviewees variously estimated this ratio as running between 20% to 25% of projects in TV and film. Companies with significant corporate investment are able to envisage the financial toll of written-off projects more serenely.

The high inflation and the endemic difficulties in raising funding have not had only detrimental effects on the UK development ecosystem. Several interviewees report having adapted to a challenging market by shunning existing IP and established writers in favour of original ideas and concepts and new writing 'voices'.

The study confirmed the singularity of video games' development within the UK screen industries. Amidst the accelerating global wave of corporate consolidation affecting the business, British developers have held their own, largely owing to their ability to hug the innovation curve and create original new game concepts and worlds for both mass and niche markets.

The issues with development are inseparable from equally chronic issues around access to capital for production itself and commercial profitability. There is a paucity of strategic thinking about the place and weight of development in our domestic screen industries and the connection between best practice (and best policies) and the overall market performance of made-in-the-UK screen content.

We believe further research is highly necessary in order to encourage a much-postponed conversation both within the UK screen industries and between it and government departments responsible for relevant policies, regulation and incentives in support of development.

INTRODUCTION

A BERMUDA TRIANGLE

Screen productions are prototypes – each project development is a unique process

As a manufactured product, film and TV content has an unusual profile. It generally lacks standardisation and each new project will normally require channelling considerable resources to support upfront creative work before it can be presented as a 'package' to potential financiers. Even formula-based film franchises with recurrent characters or returning TV series still require a large degree of original creative input at each iteration, all of which translates into time and money.

Games, a younger mass entertainment product compared to the other two, is also largely a prototype sector. However, games' companies have considerably more opportunities to capitalise on live users' feedback to consolidate the brand appeal of a successful game on an ongoing basis, by updating original concepts, functionalities and characters. This feature puts the game sector in a distinct category, for now.

Development entails a long, costly creative gestation with no guarantee of success

Film, TV and games all have in common a long conceptual and creative gestation resulting in high sunk costs and high write-off rates. In content production, be it film, games or TV series, the first risk exposure therefore pre-dates production by months, years, sometimes decades. Resources have to be found from somewhere to option and acquire rights, finance and commission scripts, develop mood or look boards, production design concepts, storyboards, animatics and pre-viz materials, consider casting options, approach talent, look into location choices, and, in the case of games, map the game design and build prototypes, produce a vertical slice, etc.[1] All this without any initial guarantees that the market will eventually show sufficient interest in the pitch elements assembled painstakingly by creative people, with upfront costs that can all too easily run into five or six figures.

> *As a manufactured product, film and TV content has an unusual profile. It generally lacks standardisation and each new production will normally require channelling considerable resources to support upfront creative work before a project can be presented as a 'package' to potential financiers.*

Development suffers from chronic deficits in access to capital

UK practitioners generally agree that poorly skilled and poorly resourced development will result in attendant poor conversion rates of projects into funded productions. Since most independent producers in the UK film and TV production ecosystem earn the majority of their revenues from fees and premiums attached to production budgets, a poor conversion rate leads in due course to unsustainable businesses. Failure at the strategic hinge between development and production is, in effect, a development failure. This failure, in parts, may arise from factors such as skills deficits or shortages; or a fragile reputational capital; and cultural factors as elusive as the Zeitgeist or change of personnel amongst film and TV financing gatekeepers. However, primarily, it points to undercapitalisation, congruent with the inability of many companies to write off substantial amounts of cash as sunk cost without fatal consequences for their vulnerable businesses.

Lack of capital available for development work and the dependency on production fees also creates a self-defeating structure in which projects are driven into production before the scripts are in the right shape. Ultimately, a producer's scarcest and most valuable asset is development time, which chronic undercapitalisation puts under considerable pressure. As one leading film producer put it when asked about the impact of an investment into his company by a large media conglomerate: "*before that, I was spending 90 per cent of my time on production and only 10 per cent on development. This injection of capital means I've been able to do almost the exact opposite.*"

[1] Nomenclature can be confusing here: in the games sector, the term "development" effectively describes the production of the game; the sector has its own terminology for intermediary products that may be used in order to attract an investor, e.g. an 'intitial player build,' a 'functioning prototype' and a 'vertical slice,' the latter constituting a fully playable section of the game, demonstrating its final quality.

Lack of research on development has negative consequences on the screen industries

UK practitioners in screen industries recognise the strategic importance of development. They see this industry's ability to produce strong stories based on sound concepts and scripts as an important component of its recognised competitive advantage in global audiovisual entertainment. They also agree that this area of the manufacturing cycle in film and TV (games exists within different parameters) tends to be organised intuitively, with a lack of deliberate managerial systems and methodologies based on common operating standards. Equally, there has been no consistent attempt to make development the subject of formal studies to help give a full picture of this most strategic part of the UK film/TV/games Plc ecosystems, identify possible gaps and/or inefficiencies in commercial best practice and public sector intervention and discuss possible improvements. It is not an overstatement to say that project development has been the UK screen industries' Bermuda Triangle in terms of research and studies.

The present study was born of our belief that the dearth of research on development has long term adverse consequences for the UK screen sectors in four connected areas:

- **Risk assessment:** the adoption of more disciplined and sophisticated approaches to risk assessment in screen production demands a better understanding of the development risk equation, e.g. familiarisation with conversion rates and the scale of sunk costs associated with development.

- **Access to capital:** the familiarisation by the financial sector (e.g. equity investment firms, banks) with the nature of risk in the UK screen industries is incomplete without a clearer understanding of the development cash resources required as part of corporate funding and investment in content productions and their organic connection with success in production and distribution.

- **Addressing inefficiencies:** the lack of bespoke research into best practice in development means there is no analytical framework within which to identify inefficiencies and have a sound basis from which to formulate and adopt more efficient methodologies.

- **Selection of public sector strategies and priorities:** The BFI's direct development funding has been below 10% of its overall funds historically. This proportion appears to have been arrived at rather randomly and may be the result of a lack of systematic analysis of the role of development in fostering a sustainable independent production ecosystem and the resources required to make it work.

[Practitioners] agree that [development] of film and TV manufacturing tends to be organised intuitively, with a lack of deliberate managerial systems and methodologies based on common operating standards.

Hell and High Water is a first step in the study of development in the UK screen sectors

In preparing the present study, our ambition has been simply to begin the vast undertaking of filling a vacuum in industry research. We have made a modest start only, beginning with games and scripted TV and film content, with an attempt to merely describe existing practice in development across all three sectors and map out some of the issues, such as adaptive responses to rising costs and competition, and access to capital.

We also set out with two modest aspirations for the study:

- The first is to initiate discussions on best practice across the screen sectors with a view to having more transparency and information-sharing on at least the basics of what works and what doesn't.

- The second is to foster a dialogue with Government and the screen agencies in the Nations and Regions of the UK. This process would entail taking a critical look at how development incentives are currently deployed and to explore further research paths that may help inform future decisions on the level of development support, where it will be directed at and what methodologies may yield the best results.

The study of development requires more hard data than is currently available

With the exception of a limited analysis of BFI Development funding loans for film, no original quantitative data were generated in the course of our research; we set off with a clear focus on a qualitative appraisal instead (see below). As far as we are aware, no reliable metrics have thus far been generated on development spend and R.O.I. in the UK sectors we looked at, with the exception of one study now over 15 years old,[2] which we discuss in the body of this report.

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[2] "A Study of Feature Film Development and Screenwriter and Development Training in the UK," Attentional (commissioned by the UK Film Council), September 2007. The survey-based quant data focused on feature film production exclusively. Found here: https://www2.bfi.org.uk/sites/bfi.org.uk/files/downloads/uk-film-council-study-into-film-development-and-training-in-the-uk.pdf

In due course, we believe it should be possible to estimate notional figures for development spend on British films and scripted TV/streamer content, by extrapolating from the data that the public agencies publish about development funding. However, the result would only provide a sample and one that would naturally be skewed as a result of the remit of the public agencies and their focus on very specific areas of the UK screen industries. A more far-reaching statistical exercise would extend the survey to the contribution to development made by the private sector.

Our study is qualitative only

This study is based primarily on in-depth interviews with a wide range of experienced professionals working on different rungs of the development ladder. They include screenwriters, script editors/doctors, talent agents, producers, game developers, private sector development executives, film agency executives, lawyers, directors, commissioning editors, sales agents and distributors, and one-stop-shop financing houses. In view of the sensitive nature of the material, and with a few exceptions where sources were quoted in press articles or documents in the public domain, we have maintained anonymity, with all quotes unattributed and have simply listed the names of the persons interviewed for the study in Annex VI.

The scope of the work encompasses scripted content for TV and VOD, games and film. Although the study draws few specific comparisons between these intersecting industries, we believe further work undertaken in this field may yield valuable insights as to potential transfers of best practice from one sector to the other. This is especially so when considering the import of games' practices as a relatively novel sector.

Our focus: creative development before pre-production

The study has project development as its core focus. In fact, the full range of development tasks extends from an initial original idea or acquired IP, all the way to when a project enters pre-production. Strictly speaking, the gamut of development tasks includes processes as diverse as rights' acquisition, story and script development, casting, budgeting, location scouting, and other complex managerial tasks. However, the present study has a single focus on the rights' acquisition and story and script aspects of development only, deliberately leaving out later stages in which, typically, professionals such as line producers, location managers and casting agents will become involved. In restricting our scope, we took the view that the story and script elements, being at the very heart of the development process, were by far the most strategic aspects and justified our choice. We recognise, however, that the downstream elements of the development process which we have left out, would also merit additional research and study.

Project development intersects with skills development – a subject for future studies?

Finally, although the study focuses on project development, we recognise that the conceptual boundary between this topic and the broader areas of talent and skills' development and access to corporate finance, is often difficult to establish. In particular, our examination of public sector intervention recognises that some incentive schemes, by focusing on the business development of new or recent entrants to the screen industries, also has positive effects on the ability of recipients to absorb the sunk costs of development on specific projects. The BFI Global Screen Fund's International Development Fund, a recent addition to the UK's screen policy toolkit, illustrates this effect: whereas the fund is focused on business growth in a context of global exports, the funding it grants recipient companies has the declared ambition of helping recipient companies run slates of development projects more sustainably.

The last word…

Given subject matter, it seems appropriate to let a seasoned UK film producer have the last word in this introduction. The thoughts may be a little mathematical, but they capture the entire dilemma at the core of development:

"Of course, no one in the industry ever thinks of development as a stand-alone activity, or as a self-financing activity. It's ***always*** *going to be a loss-leader and you can simply deduce that from industry behaviour.*

Based on past experience, let's assume the average attrition rate for development projects is 80%, i.e. there's only one development-to-production conversion in every five rolls of the dice. In that case, the premium – that is the first day of principal photography reward payment due to the development financier – due back on the one project that goes ahead ***should*** *be 500%, which is five times the outlay, so that the cost of the* ***whole*** *development slate is recovered from this one risky throw of the dice. But in spite of financiers being fully aware of the 70 to 80% attrition rate in development, premiums charged to projects that go into production are never this high; never ever: development premiums are usually 100%, or* ***less****. So, imagine the cost for all five developments was the same: you've invested 500 across five projects. You get back somewhere between 100 (principal only, no premium) and 200 (principal + a 100% premium). You are down 300. At least.*

It's ***always*** *going to be a loss leader…. That doesn't mean it's wasted money. You just need the capability to write it off…."*

March 2023

A. HOPE AND GLORY

GENERAL MARKET FACTORS AFFECTING DEVELOPMENT IN UK FILM & TV TODAY

Going by the sheer number of new productions, the UK film and TV content marketplace is booming. The BFI's statistical report for 2021 reveals record-breaking figures of 420 HETV and film productions shooting in the UK, for a combined total spend of £5.64 billion. Data for the first three quarters of 2022 show the trend is steadfast, with a total combined film/HETV UK spend of £4.4 billion, the second highest spend reported over similar time periods year on year.

2022 also saw the global streaming market convulse, with Netflix's subscriber growth faltering for the first time and some of its large-scale competitors consolidating their services and embarking on a spate of cancellations and write-offs on new projects. After substantial stock corrections in the past year, the financial markets will continue to ask tougher questions about streaming's long-term profitability and further rationalisations through M&As and closures are expected. Inevitably, the market leaders are becoming more cost-conscious, with knock-on effect on production budgets.

The effects of these seismic shocks in the global content marketplace have yet to be fully felt in the UK and the presence of stable local market actors such as public broadcasters may help soften a possible downturn in original content commissioning by US companies. At the time we conducted this research (2021 – 2022), the UK screen sectors were grappling instead with the challenging impact of the eye-watering UK production figures of the past few years, which have put the labour market under unprecedented pressure. Not a week goes by without trade press reports of crew shortages to service the large number of foreign and domestic productions that are saturating studio space and intensifying demand for locations.

The same is true in development, where the UK talent pool, especially script writers, is currently too shallow to meet a demand curve that had already reached a high peak during the production hiatus brought on by the 2020 COVID-19 lockdowns.

Another observation is that – whereas the two sectors are increasingly divergent on financial indicators such as access to corporate and other forms of financing to support their development activities – film and TV production now have another characteristic increasingly in common: as budgets for high-end drama TV series have been rising to unprecedented heights (e.g. trade magazines' estimates on the later runs of the Netflix series *The Crown* put the budget per episode at around £10 million), many series that are not directly commissioned by a single streamer or broadcaster, are being financed through more than one single license fee. And a growing number of projects are co-produced with foreign partners and/or have TV sales agents[3] attached who play an active role in raising the budget through deficit-financing and international presales. Hence, the TV drama financing model is increasingly similar to the long-established mosaic financing model of British independent features. Although the trend is arguably a few decades old already, it has accelerated in recent years as competition for content intensified and has implications for development: co-produced or co-financed TV productions may require development input from a larger number of development executives and/or executive producers to get to script approval and greenlight a project.

> *The film and TV labour market is under unprecedented pressure. Not a week goes by without trade press reports of crew shortages to service the large number of foreign and domestic productions that are saturating studio space and intensifying demand for locations.*

A.1. A business increasingly reliant on existing IP

Rising demand for scripted content, especially HETV, from local broadcasters and global streamers, has triggered a concomitant rise in the demand for screen adaptations of pre-existing IP, leading to frantic levels of trade in book-to-TV and book-to-film rights. The advantages of picking existing novels or factual books over original stories, are well documented: a successful book by a well-regarded author comes with a capital of pre-branding that benefits the series or film that may result. A book by a rated author will also catch more easily the attention of financiers or commissioning executives and is more likely to attract high-end screenwriters who are currently in a position to pick their projects from a constant inrush of offers.

The historical context suggests UK film and TV's reliance on pre-existing IP, principally novels and factual books, is nothing particularly new. According to a study published by the UK's Publishers' Association in 2018, fully 52% of the 20 top-grossing UK-produced films in the

[3] 'International distributors' in TV parlance

years 2007 to 2016 were based on existing publications, principally books (43%) and comics (9%). The study also analysed a sample of 35 HETV series produced in the first 9 months of 2017: 54% were based on pre-existing IP, including books (40%) and other IP, e.g. older films or TV dramas (14%). Only 25% were original stories.[4] The study also shows this percentage peaked at two-thirds in some years. Box office and TV audience data also appear to correlate a literary source with better performance overall.

Rising demand for scripted content, especially HETV, from local broadcasters and global streamers, has triggered a concomitant rise in the demand for screen adaptations of pre-existing IP, leading to frantic levels of trade in book-to-TV and book-to-film rights.

However, interviewees converge in their observation that the dependency on pre-existing material has been accelerating steeply, in lockstep with – and as a direct consequence of – international VOD streamers setting up significant production bases in the UK and entering the local competitive fray to secure talent and projects. One former agent, now a producer, described the book-to-film/TV market of a decade ago as a "*musty old business with just a few hot contemporary writers.*" When she started the first book-to-film department at a leading talent agency in 2008, she found she was one of the first to begin proactively to pitch book rights at producers. Today, as a producer herself, she rarely ever receives fewer than two unpublished book manuscripts a week from agencies. "*Commissioning editors are cautious types,*" says an experienced TV producer; "*they prefer pre-existing IP because it comes to them pre-validated.*"

Intensifying competition has led to a steep rise in publishers and agents pitching as-yet-unpublished novels or factual books to producers and commissioners in film and TV. "*Today, we need to know about books before – or at the same time as – a deal with a publisher is signed,*" says one interviewee, an experienced book acquisition executive. In this climate, book scouts, whether individual freelancers or companies, are thriving. They provide a valuable market intelligence service to production companies, agents and broadcasters, offering background on an author whose work may be the object of competitive bidding or a 'beauty parade,' as well as information on who the other bidders are and the book release campaign planned by the publisher. A book scout interviewed for this study observes that the US companies, both those with historic connections to the UK and the streamers and

[4] "Publishing's Contribution to the wider creative industries," Frontier Economics (prepared for the Publishers Association), 2018. Found here: https://www.publishers.org.uk/publications/publishings-contribution-to-the-wider-creative-industries/

talent agencies that form part of the new wave, are now purchasing licenses for rights they may not have been interested in a decade ago.

Interviewees' observations on the deployment of US streamers in the UK development marketplace vary. Although there has been a rise in the number of literary properties optioned directly by those companies, they also, in many cases, elect to offset the development risk and let production companies come to them after undertaking early development.

A.2. Options' and purchase prices rising

As a result of high demand for literary properties, option fees and prices for outright purchases of rights are rising fast. Companies of scale with strong cash flow (e.g., those that are under part or full ownership of larger screen industry groups) have always had a competitive advantage in this segment of the development marketplace. This advantage may be becoming more significant in development as prices for rights in literary properties and screenwriter fees continue to increase with rising demand.

The industry's standard structure for option deals on underlying works has not changed significantly. It is still, typically, 18 months for the initial option with a purchase on one, sometimes two, additional 12 months at a higher price. However, average option prices seem to have risen faster in the past five years than they had in prior decades. One very experienced interviewee observes that whereas the more high-end option deals she was signing ten years ago were in the £10,000 to £20,000 bracket, today most negotiations on the books she handles will start at £15,000, even for the works of unproven authors. One financier, whose business underwrites some of the development costs of fledgling screen businesses in the UK and EU, observes that she now gets quoted £10,000 to £20,000 for an option on a mid-list novel or a graphic novel, where she would have expected prices between £4,000 to £5,000 as little as five years ago.

Deals known as 'shopping agreements' have also become part of UK development business culture in recent years. A shopping agreement is less onerous but it is also more time limited than an option, typically between six months to a year and may not always be exclusive. It consists in granting the producer a period of time to literally shop around for funds from buyers in the marketplace. There is no rights transaction involved until the producer has had success in raising funding.

As a result of high demand for literary properties, option fees and prices for outright purchases of rights are rising fast. Companies of scale with strong cash flow have always had a competitive advantage in this segment of the development marketplace.

Setting the exercise price is also a concern in negotiations. Agents generally work on the principle that the exercise price should be set at a percentage of the agreed production budget if the project gets made. 2.5%, continues to be an industry average, but in a context of rapid production cost inflation negotiating parties are adaptive. One senior agent says his starting position is to accept no less than 1.5% of the film's budget minus standard exclusions. As increases on production budgets continue to outpace general inflation rates, exercise prices are being pushed up; this puts more emphasis on the negotiation over financial caps.

For independent features, it is not uncommon for agents to request a minimum floor level financial figure – e.g., £20,000 or 2% of budget, whichever is the lowest. This is to protect the writer's financial baseline in case the producer is under pressure to reduce the budget so as to get project made. The exercise price options for TV scripted content tend to be expressed more often as a flat fee, with some producers reporting that commissioning broadcasters may put pressure on them to defer producers fees if the exercise price is deemed too high.

As early development is very often under-funded, some producers will aim to negotiate a low-risk option price to reduce upfront sunk costs and will commit to a higher exercise price instead (2.5% to 3.5% on lower budget films was cited by one independent producer).

Factors other than price are also conspiring to make options effectively more onerous:

- Firstly, the intensifying demand for top-tier screenwriters means that producers and development executives are experiencing longer delays before booking the writer they want for a given development property. One tactical recourse is to hire less in-demand writers with sufficient professional skills. However, as two development executives interviewed observed, high option fees often translate into pressure to wait for a star writer to be available because her/his know-how and reputation may yield a higher probability of converting the option and getting the project financed and/or commissioned. In television/streaming production in particular, interviewees report that commissioning staff are often insistent on top-level writers/showrunners as a pre-condition to underwriting development costs.

- Secondly, literary agents and their writers nowadays, in parallel with quoting higher option and exercise prices will typically restrict the adaptation rights available for purchase. For instance, in film, time limited, single picture licenses (e.g., 15 years) are now a growing business trend, with writers more insistent on reserving other, potentially lucrative, rights.

- Finally, interviewees observe that development periods seem to be taking longer, which means that burning through first and second options (or third), with attendant additional costs, is less infrequent than in the recent past (10 years).

The combination of higher overall prices, less actual time available for core adaptation tasks during the option periods due to the high demand for writers, the attendant trend towards running through both first and second options and the more restricted inventory of rights on offer when the option is exercised, all these factors exacerbate the competitive challenges that were always present at that end of the development process. The challenges are experienced especially acutely amongst small to mid-size independent production companies, where working capital is nearly always in short supply.

These research findings need to be qualified: as with other cultural goods, the fate of creative IP in development is rarely ever determined by the mere mechanics of supply and demand. Factors such as loyalty based on prior collaborations between individual talent and producers or development executives, or a track record of access to financiers and/or commissioning executives and a successful filmography, all enter into the complex Rubik's cube of decision-making by writers and their agents. One interviewee, a senior producer with a distinguished track-record had recently won a so-called 'beauty parade' – a practice whereby an agent or publisher contact several production companies simultaneously to invite offers on a new book – despite under-bidding. Whilst development costs' inflation trends are generally favouring the larger companies, reputation and relationship will always remain important intangible assets to deploy in the development arena. They can sometimes be used to good effect, even by producers with few resources of their own.

A.3. Writers yield less and want more

The unprecedented hunger for new content in both the domestic and global marketplace has improved the bargaining position of in-demand, experienced script writers and their agents. This factor affects various aspects of negotiations with producers.

Producers will generally want to insist on an all-rights transfer from the writer. However, the current context favours the agents insisting on the original format creator/writer having a right of first refusal, should the producers want to bring in one or several other writers in the next stages of script development. However, deal lawyers in two law firms approached for this study observe that writers' deals are getting not only more expensive but also increasingly more complex with regards to non-financial aspects, e.g., credits, consultancy, reserved rights, etc.

> *Whilst development costs' inflation trends are generally favouring the larger companies, reputation and relationship will always remain important intangible assets to deploy in the development arena.*

The general trend in TV is for writers to try to obtain a Producer or Executive Producer credit on the finished show, with attendant additional revenue entitlement. This is perhaps a relatively new battleground issue in television, with seasoned executive producers in the independent sector understandably reticent to share these credits, since these may also make it more likely that unwanted conflicts would arise over the final shape of the finished product and additional fees put into the production budget as line items.

UK broadcasters and international streamers burn through storylines at an increasing rate, to satisfy growing local and global demand. This is resulting in more instances of producers making series based on existing IP and subsequently wanting to produce sequel material not covered by the original books for which they will have acquired rights. Some literary writers' agents are now insisting on not granting sequel rights automatically and either foreclosing those or negotiating consultation rights for their writer. They argue that the writer has a brand image and quality standard to protect and exploit, which may be dented or damaged by poorly written sequels.

Project conversion rates (i.e. the proportion of development projects that convert to completed productions) are difficult to assess owing to the lack of willingness of business actors to part with such information and to the considerable variations according to the type of business (e.g., single features only versus film and TV, genre focus versus drama focus, level of capitalisation from parent companies or venture capitalists, etc), rendering any attempt at averages less meaningful and precise. The head of one law firm involved in a large volume of both development and production contracts, estimates the ratio to be around one in five projects for the larger companies in TV scripted production, bearing in mind those tend to be better capitalised and financially resourced than smaller independent companies that continue to be numerically dominant in both TV and film production.

B. WHO PAYS THE PIPER

DEVELOPMENT ISSUES IN THE BROADCAST AND STREAMER MARKET FOR SCRIPTED CONTENT

B.1. Market overview – UK PSBs' slow but steady conversion to non-linear

211 high-end TV productions started principal photography in the UK in 2021, for a total spend of £4.09 billion. The financial figure represents close to a doubling of 2019's spend of £2.21 billion and the highest reported annual production spend since the introduction of the HETV tax credit in 2013. The performance is all the more remarkable, given the challenges of COVID restrictions and partly reflects the attendant rise in below-the-line production costs during the past two years. And the trend showed every sign of full throttle acceleration in 2022: 156 HETV productions began principal photography in the first three quarters of the year, for a total UK spend of £2.95 billion, making it the second highest on record for UK HETV production for this time period year on year.[5]

The fast growth in demand for high-end scripted content is coinciding with UK PSBs increasingly pivoting towards non-linear services alongside their traditional linear channels and relying on the non-linear components to drive their brands, keeping abreast of the accelerated migration to VOD by UK consumers during two years of intermittent lockdowns. A report by the House of Lords on the BBC's future funding notes that "*linear TV's overall viewing share in the UK fell from 67 per cent in 2019 to 61 per cent in 2020, despite a pandemic-driven increase in the number of viewing hours.*"[6] This factor means that PSB scripted content is fast becoming a multi-platform proposition, with potential impacts on measuring success and informing decisions regarding commissioning further series or seasons. The shift is likely to also affect decisions regarding PSBs' funded development (this question is examined later in this section).

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[5] "Film and high-end television programme production in the UK: January – September (Q3) 2022," BFI Research and Statistics Unit, November 2022. Found here: https://core-cms.bfi.org.uk/media/25552/download

[6] "License to change: BBC future funding," Report by the House of Lords' Communications & Digital Committee, July 2022. Found here: https://committees.parliament.uk/publications/23091/documents/169130/default/

At the time of writing, ITV had completed the process of rebranding its original VOD platform ITV Hub as ITVX; the new service was launched in December 2022 with both AVOD and SVOD options. The decision followed the early achievement of the broadcasting and global content group in aggregating 500,000 subscriptions to its ad-free ITV Hub+ alongside its already successful standard AVOD service, ITV Hub. The rebranding is accompanied by a decisive strategic move away from linear TV, with the announcement that much of the commissioned content may now premiere on non-linear, with windows as long as 6 to 9 months for some series, before moving on to ITV's linear options.

Channel 5 is increasing its presence in original drama after successful years focusing on non-scripted content and acquisitions. In March 2022, Channel 5 Director of Programming and Paramount UK's Chief Content Office Ben Frow announced 60 hours of commissioning of scripted shows next year.[7] Like its PSB competitors, the channel is shifting its commissioning and development decision making process to deliver syndication across other platforms, both linear and non-linear, that are part of the branded services from the channel's majority owner, Viacom. These include Paramount+ and VCBS. Much of the scripted content will now premiere on the group's non-linear platforms.

PSB scripted content is fast becoming a multi-platform proposition, with potential impacts on measuring success and informing decisions regarding commissioning further series or seasons.

Channel 4 has seen a drop of 18% in its linear ad revenue, against a 91% increase for the non-linear sub-brands on All4, between 2016 and 2020. 41% of UK viewers reported using All4; and Channel 4 figures for 2021 are 168 million viewer minutes per day.[8] The channel's greatest challenge as a niche operator, will be to keep its rank in an era of fast rising production costs and intensifying international competition for content and consumers' attention.[9] Whatever the corporation's future legal/regulatory regime and ownership status, its non-linear offers are set to play a major part in meeting this challenge.

[7] Ben Frow keynote address at the Broadcast Indie Summit 2022

[8] "The Future of Channel 4," Report by the House of Lords' Communications and Digital Committee, November 2021. Found here: https://committees.parliament.uk/publications/7987/documents/82438/default/

[9] Ibid. Quoted from oral evidence by Mark Oliver (Chair, Oliver & Ohlbaum Associates). Page 9, paragraph 27.

The BBC has made non-linear deployment one of the pillars of its overall strategy: 40 million UK users had signed up to newly introduced BBC individual accounts by April 2022.[10] These enable access to BBC iPlayer and other BBC non-linear services, including the radio and podcast app BBC Sounds. Maintaining the appeal of these non-linear services is central to keeping the BBC relevant in the context of heightened competition for UK consumers' attention: in 2021, almost 9 in 10 adults used the BBC services every week; however this proportion was lower, at 8 in 10, for younger adults aged 15 to 24.[11] The corporation's annual plan 2022/23 gives prominence to ensuring that it *"continues to be the at the forefront on digital innovation"* in years to come as a key priority; this translates, in particular, into a commitment to continuing to improve the iPlayer as a top priority for 2023.[12]

The large-scale manoeuvres of UK PSBs, continuing their re-orientation towards commissioning for both VOD and linear TV services, are set against the background of intensifying competition from – and between – the US-owned streaming platforms. Over the past few years, the UK has become a pivotal offshore production base for these VOD behemoths and is now the largest after the US. The key factors making the country particularly attractive include the skilled, competitive film and TV workforce, the common language, the availability of tax reliefs and UK content continuing to qualify for European broadcast and VOD quotas. 7% of Netflix's new TV show commissions in 2021, and 13% of Amazon and Disney+'s 2021 projects, were UK-produced.[13] And Britain is currently Netflix's second largest offshore commissioning and production base, with a spend of over USD$1 billion in 2020 and a commitment to continue to invest similar amounts in forthcoming years. Netflix had 17.1 million UK subscribers by mid-2022.[14] However, recent concerns over global SVOD services' underperformance and the attendant impact on stock values has introduced a degree of uncertainty as to their ability to sustain those historic levels on UK content investment over the next few years.

It is as yet unclear what impact the adaptation by the UK PSBs to the streaming disruption will have on commissioning decisions and on development practices. On the one hand, interviewees agree much of drama series commissioning remains slot- and genre-driven, with the linear premiere still a resilient model. On the other hand, commissioning editors are less subject to the 'tyranny of the overnights;' they are thinking more radically in terms of innovative windowing and the potential of a series to aggregate views in VOD premieres and/or in their non-linear long tail. "*It used to be if you got three million viewers overnight, you could count on being re-commissioned for a second series. The metrics are more*

[10] "The next stage of making the BBC more relevant to you," Kerris Bright (BBC Chief Customer Officer), April 2022. Found here: https://www.bbc.com/mediacentre/articles/2022/making-the-bbc-more-relevant-and-valuable-next-steps
[11] "Ofcom Annual Report on the BBC 2020-21 – Including a performance assessment for the Charter period to Date: 2017 – 2021," November 2021. Found here: https://www.ofcom.org.uk/__data/assets/pdf_file/0029/228548/fourth-bbc-annual-report.pdf
[12] "BBC Annual Plan 2022/23," March 2022. Page 19. Found here: https://www.bbc.co.uk/aboutthebbc/documents/bbc-annual-plan-2022-2023.pdf
[13] "Is the UK TV sector facing a perfect storm?," Richard Broughton (Executive Director, Ampere Analysis), January 2021. Found here: https://www.ampereanalysis.com/insight/is-the-uk-tv-sector-facing-a-perfect-storm
[14] "Number of UK homes subscribing to streaming platforms falls for the first time amid cost of living crisis," Tim Dams, *ScreenDaily*, 17 August 2022. Found here: https://www.screendaily.com/news/number-of-uk-homes-subscribing-to-streaming-platforms-falls-for-the-first-time-amid-cost-of-living-crisis/5173498.article

complex now: you can bomb overnight on linear and go on to do great figures in box-set views on non-linear," says one independent producer. As a result, consideration of the narrative shape and episode breakdown of new commissions is becoming freer to be guided by the internal logic of character arcs and storylines rather than the more rigid exigencies of slot-driven, linear TV scheduling. Interviewees agree that development executives need to be fully aware of this evolution and adapt pitches and development materials to new possibilities for innovative formatting in high-end drama.[15]

B.2. More work, but across a large number of production businesses, with tighter margins and scattered development slates

The historic rise in demand for scripted series is generating tensions in the drama commissioning system.

Several interviewees on both sides of the fence are concerned about what they see as the atomisation of development slates and financial resources across a very large number of small to medium-size productions companies. Although the numbers have declined very slightly during the two COVID years, the BBC still commissioned 334 different production companies in 2021. 59 of those commissions were from companies supplying BBC for the first time, though this does not mean they were necessarily new start-ups or lacking in experience.[16] Channel 4 commissioned 161 independent companies. And Netflix's London-based development unit for scripted content reports logging pitches from over 300 indies last year, many of these from companies with limited prior experience of producing content for TV or streamers.[17] The rising numbers include companies that are moving from single feature film production into episodic scripted TV content.

"It used to be if you got three million viewers overnight, you could count on being re-commissioned for a second series. The metrics are more complex now: you can bomb overnight on linear and go on to do great figures in box-set views on non-linear."
– An independent TV producer

A senior commissioning editor at a UK PSB believes that development skills and resources being dispersed amongst a very large number of production entities, many of them under-

[15] NB: This trend is not absolute and co-exists with other approaches. 2022 also saw a return towards linear patterns, with some series being released episodically over time rather than being 'dropped' on to services for binge-watching. The high-water mark of the 'boxset binge' may have passed.
[16] "Supporting the Creative Sector," BBC. Found here: https://www.bbc.co.uk/commissioning/support
[17] From original interview with Netflix UK

staffed and under-funded, may risk accentuating inefficiencies, with many smaller indies unable to meet the costs associated with maintaining development slates. Whereas PSBs generally have dynamic relationships with the independent sector, there is an anecdotal sense of the system overheating, with a rising volume of proposals, many from start-ups and niche programming companies that can lack sufficient development capability of their own, making them more vulnerable to failing at pitching stage. "*Everybody is chasing the scripted big buck and the scattering of development across so many different companies risks diluting the quality of the work,*" says a senior commissioning editor.

A BBC Drama executive says the department logs between 10,000 and 20,000 proposals a year, at a time when the corporation is operating under new financial pressure following the Government-mandated two-year freeze on the license fee which began in April 2022. BBC's Director General Tim Davie had suggested earlier that commissioning editors should look at decluttering their slates and make 20% fewer hours on the same budgets, with more programming of wider appeal; in May 2022, Davie announced a £500 million savings and re-investment drive to address the shortfall in license fee revenue.[18]

From a PSB perspective, there are virtuous effects from developing and commissioning across such a vast spectrum of companies: diversity of suppliers may also structurally facilitate achieving diversity across the multiple criteria that make up their remits. They include geographical spread across the Nations and Regions, gender and demographic balance, ethnic minorities' representation, socio-economic diversity including the need to appeal to the C2, D and E social categories, the portrayal of disability, LGBTQIA representation, etc. "*The BBC overdevelops massively,* " admits a senior independent drama producer, "*but it may be the price to pay for delivering on their complex diversity remit.*"

"Everybody is chasing the scripted big buck and the scattering of development across so many different companies risks diluting the quality of the work."
– A senior commissioning editor

One interviewee also mentions the virtuous talent and project triangle made up of PSBs, producers and the British theatre milieu, in what he termed a "cultural halo effect." However, the additional resources PSBs are able to deploy are limited. Strategic initiatives such as the BBC Small Indie Fund and Channel4's Indie Growth Fund help somewhat, by injecting

[18] "Plan to deliver a digital-first BBC," BBC. Found here: https://www.bbc.co.uk/mediacentre/2022/plan-to-deliver-a-digital-first-bbc/

working capital at the base of the pyramid-shaped structure of the independent sector, where there is a larger number of smaller companies with often chronic challenges in generating sufficient cash to enable them to support meaningful development. The funds' interventions may be of special cultural value in maintaining diverse strata of non-metropolitan indies who can ensure PSBs deliver to their Ofcom regional targets.

Concern about the dispersal of development slates is echoed by many in the independent production sector. And it is not limited to issues of scale. It extends to the impact on the quality of development skills inside the sector: a clear majority of interviewees in the independent sector, as well as all the commissioning editors, found that development workers with requisite skills were in short supply: the Broadcast Indie Survey 2022 bears this up, showing that 27% of respondents thought development executives were amongst the hardest roles to fill.[19] "*There is a manic push to greenlight new series but you get the feeling no one in the development tier is being properly trained because of a toxic mixture of pressure on the time of experienced executives, and insufficient cash to hire development staff or freelancers with the right skills,*" says one commissioning editor.

> *"The BBC overdevelops massively, admits a senior independent drama producer, but it may be the price to pay for delivering on their complex diversity remit."*
> *– An independent producer*

The shortage of cash is not affecting the production sector evenly (some of the larger companies with corporate investors don't generally have the issue) and is compounded by shrinking margins on new productions. Concerns about falling margins topped the league table of 'Major Indie Concerns' in The Broadcast Indie Survey 2022, with 55% of respondents citing it.[20] The causes are well-documented: short term, there is the continuing impact of additional costs from the implementation of COVID safety protocols[21] and the concomitant increase in production cost insurance premiums; longer term, there is the unprecedented intensity in the competition for talent and crew, leading to high inflation in crew and studio

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[19] "Broadcast Indie Survey 2022 – The Definitive Guide to the UK TV Production Sector," *Broadcast Magazine*, March 2022. Found here: https://www.broadcastnow.co.uk/indie-survey-2022
[20] Ibid. Page 5 (hard cover version). Found here: https://edition.pagesuite.com/html5/reader/production/default.aspx?pubname=&edid=e7415e16-89bf-4fb4-919a-d08dbefb873f
[21] 52% of respondents to The Broadcast Indie Survey 2022 said COVID safety compliance had increased production costs by up to 10%. Another 48% of respondents put the increase at up to 25%.

rates. Swelling below-the-line costs are increasingly out of proportion with PSB tariffs for high-end drama license fees.[22]

B.3. The challenge of rising development costs

Even though margins realised on production budgets are not the only source of income that indies rely upon, the squeeze translates to varying degrees into tighter company operating budgets for many independents, with knock-on effects on their ability to finance or co-finance development.

At the same time as margins are flattening, most interviewees agree that development overall has become more onerous and labour intensive, in order to meet a more demanding standard of acceptable pitching materials. On the whole, public service broadcasters' drama departments say they work hard at maintaining flexibility, sometimes getting behind proposals based on a simple original idea or a press article or a current affairs event in the public domain. This assertion is corroborated by some interviewees in the independent sector, who agree that PSBs have generally remained open to developing from a very early stage of a project's life. However, others say their experience is that commissioning editors will rarely look at any proposal that does not contain a polished script for a first episode or, at the very least, an initial writer attached and an elaborate pitch document. A development executive for a US streamer says the company has a preference for this standard too, because "*a well-developed script is a more secure means of avoiding misunderstandings regarding the vision of the project, which may create unnecessary tensions further into the development timeline.*"

There are signs, however, that the streamers are becoming more flexible, as they gain experience of working with the UK independent sector: some interviewees observe that these relatively new market actors are gradually changing their development tactics in response to intensifying competition and aligning more with the established UK PSBs in this respect: "*They're realising they can't just sit and wait for the best packages to hit their desks; all of them now want to get involved upstream and compete in that early development space,*" says one producer.

[22] Commissioning tariffs published by PSBs are indicative only. BBC puts average tariffs for "mid-range" drama at between £500,000 and £800,000 per hour and £650,000 to £1,000,000 for "premium drama" (figures culled from BBC website in September 2022). Although even the top of the tariff scale is no match for what some US streamers reportedly spend on the equivalent commercial hour of drama, the fact is that the tariff represents the BBC license fee only and that third party finance in the shape e.g. of international pre-sales and coproductions means those tariffs are often not directly reflective of actual production spend and, by extension, the ability of PSB-developed productions to compete effectively in high-end drama's production values. To access BBC's published tariffs: http://downloads.bbc.co.uk/commissioning/site/tariff_prices_for_independents.pdf

At the same time as margins are flattening, most interviewees agree that development overall has become more onerous and labour intensive, in order to meet a more demanding standard of acceptable pitching materials.

It appears generally that larger, more established independent producers with strong track-records may be better able to choose the terms of their engagement with PSBs and streamers regarding development. One senior producer who heads a company with a 30-plus year record of award-winning, high-end drama series says he and his team have changed their own pitching standard over time: *"A few years ago, we would first go to script on about 50% of our development slate, then and only then would we go to the buyer. The trouble with that approach is that you're making an assumption that what you spent your money on upfront will actually slot perfectly within their own plans or vision. In fact, development execs and commissioning editors have an existing slate in which they'll have invested time as well as emotional and intellectual capital: a full-fledged script landing on their desk won't have had the benefit of that prior investment."* The company now finds it has improved its odds and, ultimately, its conversion rate by taking options and working with writers whilst not going to full script and concentrating instead on drawing in buyers' interest early, to secure their commitment.

The pressure to spend more on initial development, to get the project to a stage when it is ready to be shopped around, challenges many independent producers with limited cash available for such speculative spending: *"An initial 12 or 18 months option for a book in the literary mid-list used to set us back £5,000, sometimes less, not so long ago. Now, the starting price will be much higher,"* says one interviewee. At the time of writing, his company was in negotiation for a middling, niche biography with the agent's opening quote at £15,000. Option prices for the hotter literary properties now easily escalate to £50,000 or, in some cases, well above it.

"[The streamers] are realising they can't just sit and wait for the best packages to hit their desks; all of them now want to get involved upstream and compete in that early development space."
– A TV producer

One current trend has literary authors' agents pushing for improved terms on back-end revenue in the event that a writer's underlying work converts. Whereas the norm until recently used to be set exercise prices, these are now increasingly being treated as an advance on multi-episodic royalties. These can run between £20,000 and £45,000 per episode depending on the writer's brand power; they are normally payable on first day of principal photography, after deduction of the exercise price (typically, the exercise price would be deemed to cover the first two episodes of a series). The outlay adds to a producer's costs and, therefore, to the budget, since it is in fact a residual rather than a royalty that would be paid out of actual income from the exploitation of the TV series in secondary domestic or foreign markets.

As competition intensifies for the book adaptation rights, many independent companies have learnt to pay more attention to the potential of original ideas. Some companies interviewed also say they have set policies around option prices: "*We don't go after the big properties and we don't enter into bidding wars,*" says one producer. "*The agents know we won't move on an option priced above a £8,000 to £10,000 bracket (for 18 months). We have confidence in the value-added of our track-record and ability to get things on air*." Other adaptive responses to escalating prices has companies trawling for stories in the public domain and working with new emergent writers.

A new TV script writer will cost a company typically between £15,000 and £18,000 for a first draft script on a TV hour, while an experienced writer will expect double that fee or more.[23] The average financial outlay to deliver the draft, not counting in-house development executive salaries and overhead, will be between £22,000 and £25,000. These are significant risks to take for IP that may never be converted into a commission and will all too often end up as a write-off. Three of the producers interviewed for this study concurred over the assessment that quotes for senior writers in TV had increased by 25% to 50% on average over the past five years.

In broadcast TV, negotiations with script writers in late development also cover writers' entitlements to further income from revenue generated by the exploitation of the produced series or single. Section 26 of the PACT Agreement with the WGGB obligates producers to pay upfront a *"subsequent use advance"* (SUA). This payment is normally owed to the writer on first day of principal photography and is a sum equal to 100% of the script fee.[24] The SUA is treated as an advance on royalties and residuals, which are only remitted to the writer after recoupment. Lawyers and agents interviewed for this study find the SUA is only rarely earned out, making the advance perhaps all the more strategic from a writer's perspective.

In the Agreement, the SUA applies normally to UK network shows only. In practice however, producers are under increasing pressure to apply it to deals with other types of UK buyers,

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[23] A 'first draft' in the context of standard WGGB agreements is a shorthand. The deliverables effectively are a first draft, a second draft + rewrites and a polish.

[24] The 'script fee' is defined (pro rata to a 60 minute running time) as a minimum payment which buys "*one UK TV Network transmission plus simultaneous European Cable transmission and worldwide non-theatric use.*" It breaks down in the PACT/WGGB Agreement into 1) storyline payment (between 5 and 10%; 2) treatment payment (between 15 and 25%); and 3) minimum signature payment for which a floor level of remuneration is specified for the different stages (e.g., first and second drafts).

including pay-TV and local streamers. With budgets from those buyers more frequently comparable to – or even in excess of – free TV networks', the writers' agents are able to argue that the SUA should be part of the package. However, non-buyers may not always agree to including SUAs in the budget.

Many smaller-scale independents will seek to attract a funded development deal with a broadcaster that has an interest in the project. However, the general context for PSBs is not especially favourable in this respect. Channel 4's challenges with advertising revenue led the corporation to reduce overall content spend by 21% in 2020,[25] a move described by Enders Analysis at the time as *"in no way sustainable given the explosion in programming spends of the streaming services."*[26] And the BBC's two-year license fee freeze has also led to belt-tightening budgets for commissioners. However, interviewees note US streamers are more willing than they were a few years ago to invest in early development.

Producers are often ambivalent about broadcaster-funded development. Many like the relative comfort of a source of reliable cash-flow despite relinquishing some bargaining power over ownership of rights and/or back-end revenue if the project gets made. One interviewee says her company prefers broadcaster-funded deals not just because of the cash-flow advantage, but also because she feels it creates a stronger commitment to the project, particularly when both producer and broadcaster have a relationship with the lead writer. Another interviewee says the company also finds a broadcaster's readiness to support development costs acts as a form of market testing: *"If they don't want it, we have to ask ourselves why not…."* Some observe that funded development is becoming increasingly arduous to obtain from PSBs. Others warn that it can at times be used by broadcasters as a right to keep you waiting for unreasonable periods of time, with the attendant risk that the project loses relevance to the zeitgeist and market trends or that the talent envisaged to make the show is then no longer available or affordable.

Interviewees note US streamers are more willing than they were a few years ago to invest in early development.

Turnaround management, the practice of selling a prior development package to a third party, is approached differently by the various players in the TV/streamer ecosystem. In

[25] "The Future of Channel 4," Report by the House of Lords' Communications and Digital Committee, November 2021. Page 7, paragraph 20. Found here: https://committees.parliament.uk/publications/7987/documents/82438/default/
[26] Ibid.

general, UK PSBs will demand repayment of direct costs only and will not charge a premium, with sums normally payable on first day of principal photography. In some cases, the production may also grant the rights in the project back to the original writer of the underlying literary property, at no cost.

US streamers operating in the UK market tend on the other hand, to observe turnaround practices as they might apply in the US industry. They will charge interest (prime + 1% at minimum, up to +5-7% maximum). They may also want to negotiate an episodic fee (a flat rate of between £4,000 and £5,000 currently) as well as a share of net profit (around 5% of the production company's own share of net).

B.4. Develop or die – a look at adaptation strategies

One interviewee from a leading production company with a substantial broadcaster shareholder, says they self-finance between 60 and 70% of their development slate. There is a large proportion of projects for which they will only have a 3-4 page outline or a first episode synopsis and these documents will suffice to inform the look and tone of the intended show and to get the team to make decisions about going further or not. "*At that point, our financial outlay can often be no higher than £5,000 and the relatively low-cost development material we have is sufficient for us to make a decision on whether we'll have a market for the project of whether it's wiser to write it off.*" Another interviewee concurs: "*We've perfected the art of writing-off projects at the £2,000 to £5,000 line, before going too far with something we know has no legs.*" For these companies, knowing how to minimise financial exposure in this way goes with their choice of spending more than some of their competitors on speculative development, (i.e., on projects that have yet to be pitched at a broadcaster or a streamer).

Meanwhile, the level of spending required to take a high-end drama project into late development is increasing, as the pressure grows to purchase IP from best-selling books, hire more experienced writers and, increasingly, also to attach name directors.[27] The same interviewee says his company broke the £1 million development spend on one occasion and frequently goes into six figures.

[27] Several interviewees identified the pressure to attach a 'name' director as a relatively new development in scripted series' commissioning. UK TV has traditionally put the writer at the centre of the creative project and the relative change in the perceived importance of the director is not about to challenge this state of affairs, especially given the rise of the US' showrunner model in the UK industry. However, as competition intensifies and as high-end drama budgets now regularly exceed those of independent feature films and attract A-list on-screen talent, there is a noticeable cultural change as commissioning editors and producers understand a prestige name as director adds to the bankability of the project and may be an additional asset in attracting a high-end cast.

"We've perfected the art of writing-off projects at the £2,000 to £5,000 line, before going too far with something we know has no legs."
– A TV producer

For smaller independents wanting to compete in the scripted space, there are tactical alternatives. "*You have to box clever,*" says an experienced executive producer now heading the scripted arm of an indie start-up. "*We adapt in two ways to our limited financial firepower: on the one hand, as far as underlying IP is concerned, we try to look for the odd gem in the literary mid-list or pick the lesser known titles of a best-selling author – these may have overlooked potential as screen adaptations; on the other hand, we try to identify projects that are already advanced but looking for a safe pair of hands to take them to the next stage, we avoid the challenge of having to find funds to pay for the bulk of development.*" Like other smaller-scale indies, this company also leverages its people assets (e.g., the reputation of the creative team) to innovate away from the standard model of option payments followed by purchase, where underlying IP is concerned. Some authors will be just as anxious for their project to be in the right hands as they may be about earning cash upfront.

A seasoned producer and MD of a leading TV production company describes another adaptive response: on occasion, the company will agree a development deal with a script writer whereby 50% to 75% of the script fee is paid upfront, as against an enhanced agreed rate. They say this approach gives the writer an incentive in the shape of more cash upfront than they would get out of a boiler plate deal based on the standard WGGB/PACT template agreement. For example, if a writer's quoted fee is £40,000 for an hour of scripted TV content, the company may put up an offer of £20,000 upfront as an advance against a hiked eventual full script fee of £45,000; in the event that the show gets the greenlight, the writer would receive £25,000 as the balance of the full fee, plus the subsequent use advance,[28] as well as the other benefits accruing from participation in a greenlit show. The producer describes this strategy as a means of getting the writer to start working immediately while the company waits for a greenlight from the broadcaster, which will end with that broadcaster buying back and cash-flowing development costs.

Interviewees also report a sharp rise in demands by writers to share in production fees. The trend is over a decade old but appears to have intensified. Some writers operate through their own production companies and collect a percentage for those fees as co-producers. One experienced producer says that although his company won't share production fees

[28] The 'subsequent use advance' or 'SUA.' is a disposition in the PACT/WGGB standard agreement whereby: "*on the first day of principal photography the Producer shall pay a further sum equal to 100% of the script fee as an advance against fees due in respect of any subsequent uses.*"

directly, they sometimes negotiate a separate production bonus and may use the production fee as an index.

Another complex issue with leading writers' deals is over changed formats. This issue arises especially with comedy half hours with changed format potential in the US market. Writers' deals on changed formats may entail guaranteed executive producer credit and additional fees.

Interviewees […] report a sharp rise in demands by writers to share in production fees. The trend is over a decade old but appears to have intensified.

B.5. Method? What method? A jumble of models

Discerning a typology of approach and method within the TV production sector has proven elusive. From the interviews, few companies appeared to have organisational models in common.

For instance, two companies with comparable profiles had very different approaches to development methodologies. One had an annual overall multi-project development budget (or, certainly, a target) whilst the other had a project-driven approach to budgeting, linked to the opportunities to underwrite some/all development costs through attaching a broadcaster to a specific package. Similarly, one favoured attaching a broadcaster early, relinquishing more of the potential financial upside from the exploitation of the finished series, while the other preferred to bankroll its own development to the greatest extent possible.

Models regarding the use of development expertise also vary considerably. Some companies employ a book scout while others rely directly on their relationships with literary agents as filters. The latter option tends to be the preserve of the more senior companies with track-record in which agents have a vested interest.

Similarly, there does not appear to be a replicable template for how a development workforce is structured or organised in-house. Some mid-size companies boast several script editors, development producers and exec producers on payroll, all inputting into various projects, whilst others prefer to operate with a small core team led by the executive producers and to hire in script editing expertise whose freelance fees are inputted to single project development budgets. For illustrative purposes, Annex II presents and analyses a specific corporate organigram for development work in a TV production company.

Another important variable is the ability of individual SMEs to foster talent loyalty by creating a conducive project hub for them. This can become a competitive cultural factor – even compensating for their limited capability to make high financial offers. Two consecutive reports on the corporate financing of UK film SMEs in 2009 and 2014 have identified the "talent-attached" company in which writer-director figures work in-house on development projects. The names and reputations help the company be more competitive in pitching sessions with potential financiers and/or broadcasters.[29] Although these reports focused on feature film production entities, the observations appear to be just as valid in the TV production sector, based on the interviews for the present study.

All interviewees report the seismic impact of the US streamers on the evolution of the UK development ecosystem. A general current trend seems to be for more replicability as competing streamers (and the non-linear services of the traditional broadcasters) look to differentiate their brands. They also note a trend towards less lavish spending by the streamers as cost-controls assert themselves in response to competitive factors (general slow-down in subscriptions; increase in churn rates and new competition from AVOD platforms).

B.6. Conversion rates – a clouded picture

Project conversion ratios are obtained from tallying the number of development projects that make it into principal photography versus those that are abandoned and written-off. These ratios are equally variable depending on a host of factors that change from company to company.

The variability is striking. One company executive said they had only made a few features annually but they achieved close to 100% conversion. The company made films in very specific genres, the majority appealing to the youth market (18 to 24), with competitive budgets, which may also explain the unusually high conversion rate. Another senior executive in a larger and well-financed UK/US indie said their conversion ratio with BBC was between 1 in 10 to 1 in 15. She also suggested 1 in 5 (as frequently claimed by other interviewees, including a law firm) is a winning ratio and very difficult to achieve under present market conditions.

[29] "The Corporate Finance of SMEs in the UK Film Industry – A Report for the British Film Institute," Northern Alliance, October 2014. Found here: https://stephenfollows.com/wp-content/uploads/2017/12/Corporate-Finance-of-SMEs-2014.pdf. See also 2009 report by same: https://www2.bfi.org.uk/sites/bfi.org.uk/files/downloads/uk-film-council-analysis-of-the-corporate-finance-of-smes-in-the-uk-film-industry.pdf

Interviewees note a trend towards less lavish spending by the streamers as cost-controls assert themselves in response to competitive factors (general slow-down in subscriptions; increase in churn rates and new competition from AVOD platforms).

One highly experienced indie producer operating on very low-overhead (e.g., working from home) said years of experience had taught him that eight was the magic number. This contrasted with the experience of a high-end, well-capitalised TV production company whose interviewee set the ideal project load at 50, with an average conversion ratio of between 8 and 10. He also pointed out that this number did not necessarily mean an unreasonably huge expense in overall development, since the rigorous process they had in place meant the majority of these projects would be abandoned after the first 18 months' option period, having by then engaged relatively minor project expenditure.[30] By contrast, the small number of projects in late development could represent a huge expense, adding pressure to letting go of certain strategic rights against broadcaster or streamer contributions to development costs.

B.7. Who's got the key to the writers' room? – Innovations in TV drama story and script development

UK television content development is moving increasingly towards methodologies imported from the US industry (a primary influence in this regard being US streamers' commissioning). Typical of this development is the use of writers' rooms, a collective, script development process pioneered by the US broadcast TV industry decades ago, blossoming in landmark 1990s HBO shows such as *The Sopranos* or *Six Feet Under* and now a frequent story and script development technique employed by the global US streamers also.

The importation of the writer's room practice to the UK entails a complex cultural shift: it presents a branding dilemma for a UK industry that built its renown amongst US executives precisely because of its ability to field individual writers with very distinctive voices. Several development executives and producers interviewed said UK writers have proved historically resistant to the writer's room format, having built their careers in British subsidised theatre or in original features and authored television drama.

These inherited factors weigh heavily in determining the pace and extent of writers' room's practice in the UK and the extent to which it will eclipse the single writer model or simply live alongside it. "*There is no doubt that our persistent authored approach to so many of*

[30] See also page 18, above.

the scripted shows may work very well for the domestic market, but they often frustrate our international buyers," says the MD of a leading TV production company. He notes that some of the most domestically successful HETV shows shown on PSB services in the past year have been drama series with an uncompromising British cultural, or socio-political context, which doesn't always lend itself to the returnable formats international TV distributors and US streamers tend to prefer. "*By and large, authored shows are not designed by their writers to work outside the UK and with rising drama costs, and attendant pressures to deficit finance, this creates a definite tension in the system,*" he adds.

> *The importation of the writer's room practice [..] presents a branding dilemma for a UK industry that built its renown amongst US executives precisely because of its ability to field individual writers with very distinctive voices.*

The British writers' room may remain a cultural hybrid. For one recent HETV series, the same interviewee notes that a small writers' room was assembled, not because it was the preferred methodology from the outset but due to time pressures. The producer and commissioning broadcaster had originally agreed the series would be written by a sole writer and the later decision to add two writers to the roster was an expedient. Another interviewee says his approach on a recent scripted series for a US streamer was to assemble a small writers' room and to guarantee each writer they would have authorship of one complete episode. "*The compromise worked well; it gave our writers an additional, non-financial incentive.*"

One of the issues with the writers' room approach is that a writer of authored pieces in the British mould may be excellent at their craft but lack the managerial and communication skills required of a showrunner working to a writers' room format.

US writers' rooms also tend to be longer, owing to the scale of the material being considered and the fact many of the US series have long runs, typically going to 12 or 13 episodes. As a result, the average duration of the writers' room process State-side will vary typically between 12 and 24 weeks, sometimes considerably longer. The UK industry up until recently had shorter runs (6 episodes, typically, for UK broadcasters) with a lower density of storylines. UK writers' rooms are consequently shorter, with fewer writers.

UK industry resources are also an issue, according to some interviewees: US writers' room recruits are all paid union fees and/or salaries whether or not they produce material – this approach is attributed to the strong bargaining power of the Writers Guild of America and the attendant US industry's concern with incorporating skills' development within the creative development process itself, so as to be able to call on a rota of qualified writers to service the comparatively larger throughput of new development properties. British practices, on the other hand, can be more variable and more ad hoc. Some interviewees also observed that script writers' agents are wary of the impact of writers' rooms on their clients' careers; the concern is that this structure may be used in some cases by producers to harvest writers' ideas without due credit.

In November 2020, WGGB published a best practice guide for 'showrunning' in the UK.[31] The guide, which one interviewer describes as *"more of a lobbying document"* refers directly to the writers' room as a methodology built around showrunners. It maps out the responsibilities of the showrunner with regards to other writers working on the project. It describes the showrunner as combining the role of lead writer and executive producer and asserts the need for "*contractual arrangements to be in place to prevent a conflict of interest and/or unfair penalties for contributing writers.*" This is followed by specific prescriptions about the treatment of contributing writers when the showrunner rewrites another writer's script, a frequent occurrence. The concern of WGGB is to avoid contributing writers having either their credit jeopardised as a result of the re-write and/or part of the writer's fees going to compensate the showrunner for the re-write. The Guide suggests therefore that there should be no financial incentive for the showrunner to deliver rewrites, and that the showrunner should be paid an executive producer fee sufficient to cover any re-writing during the development period. The WGGB also wants to enshrine the practice of additional daily fees being paid to contributing writers for story conference or writers' room engagements, over and above – and not recoupable from – standard script fees.

B.8. Daily TV soaps' development – an assembly line model

For all the challenges in adopting – and adapting to – the writers' room methodology, the UK industry is not entirely foreign to its principles. Long-running, non-HETV daily terrestrial TV soaps have been made using story and script development techniques that are not dissimilar. *Coronation Street* and other early primetime soaps typically gather between 6 and 8 writers who work together for several consecutive days. Storylines emerge that are then be allocated by the producer to specific writers.

Some soaps will feature an even more elaborate model of story and script development that has many features in common with assembly line practices in manufacturing. Whereas soap episodes are normally shot approximately 8 weeks prior to airtime, the writing cycle itself begins fully approximately 6 months before transmission and follows several stages in strict order:

1. The process starts with a 'Conference.' This is held monthly and can involve up to 40 people, including producers, script and story producers, storyliners, and script writers. The Conference process generally lasts 2 to 3 days and is most often non-hierarchical, with all participants able to pitch ideas which are then selected or discarded by the producers and story producers.

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[31] "Showrunning in the UK – A Best Practice Guide," WGGB The Writers' Union, November 2020. Found here: https://writersguild.org.uk/wp-content/uploads/2020/11/WGGB-Showrunning-in-the-UK_FINAL-1.pdf

2. The selected stories are then processed by the 'Story Department' or 'Story Office.' This unit's task is to parse the stories into 'story blocs' for a run of between 20 and 32 episodes (26 is the median number) depending on how many episodes are aired per week, if there are any extra episodes. It takes about a month for the department to produce treatments of all episodes.

3. Subsequently storyliners get assigned a 'story grouping' and will write individual story arcs, some of which may stretch across all episodes whilst others will not.

4. In hierarchical terms, the storyliners are the indispensable foot soldiers of the process: their work is processed and edited by story editors and/or story producers who will take the resulting developed storylines to the soap producer(s) who also oversee cast and production schedules. These get redrafted by the story office, based on the producer's notes until the producer is happy – this part of the cycle typically has a 4 weeks' turnaround. They are then released as a large document containing all storylines for all of the episodes.

5. Next, the writers get to work on the first drafts of the scripts. When those are completed, the script editors' work can begin. The script department takes the edited storyliners' arcs and begin drafting fully fleshed-out episodic scripts. Script departments on a soap will, typically, consist of 20 or so writers, generally freelancers, and a core unit made up of script producers, script editors, assistant script editors and senior script editors, and script assistants for administrative support.

   Many soap production systems also employ one – or several – researcher(s) and archivists. The researchers run episodes through thorough fact-checking, e.g., police and court procedure, medical diagnoses, historical facts, etc. The archivist deals with the history of the show itself, if referential material is being used in storylines – e.g., *Coronation Street* now boasts over 60 years' worth of episodic archive!

   The predominant feature of soap development is that it is a rolling production, with no start and end dates for the show. Consequently, a writer will be dealing with a number of scripts at different stages of development, as will the script editors and producers etc.

6. Script writers are generally expected to turn in a draft for a single episode in a time frame of between 15 and 25 working days. The time available will depend on where a particular episode is situated in the story block. If the script is for an early episode writers may be restricted to about 3 weeks (15 working days excluding weekends). If the script is for an episode located later in the block the deadline may be up to 25 days, so the process entails having drafts at different stages from different blocks that are being story processed simultaneously. By the time the episode writers get hold of the material and start writing, the storyline is already set and a lot of the narrative balance will already be in place. At this stage, the UK practice remains to let a single writer script an entire episode.

   Practiced soap writers will know how to organise the story beats around the strictures of broadcasting slots, e.g., by building 'ad tags,' 'hooks,' and 'cliffhangers' tailored to advertising breaks or other forms of programme interruptions (e.g., other programme trails on BBC channels) These may be indicated already in the storyline fed to an episode writer – however they may also be changed as the script develops.

In a final stage, the resulting scripts are further polished by the script editors, under the supervision of the senior script editor and the unit producer, for approval before going over to the production department as fully-fledged shooting scripts. Script editors are typically assigned 4 episodes, often described as a 'shooting block' or a 'unit.'

Interestingly, interviewees with experience working in this highly disciplined model of industrial scale development all note that there has been little call for their particular skills as story or script editors from the high-end TV drama sector. One script editor with years of experience in daytime soaps concludes that *"[..] there is a real snobbery in the business, and the result is that those very transferable skills are just not being used."* Others observe that adverts for development work in high-end TV often specify that prior experience in development for this type of production is a prerequisite. A senior commissioning editor in a UK PSB who oversees both HETV and soaps for the channel agrees that, in spite of soaps' development disciplines providing superlative training for script editors and writers, there is still an unhelpfully low level of skills transfer from one to the other.

It would be glib to suggest that the process and culture of story and script development in soaps and high-end TV resemble each other. There are important differences between the two end products and these differences, in turn, dictate different development methods. Soaps lend themselves ideally to a non-authored, collective development process, driven by social context, the internal logic of long-run returning characters and the PSBs remit of addressing specific social issues of the hour while upholding diversity standards.

"[..] there is a real snobbery in the business, and the result is that those very transferable skills are just not being used."
– A script editor on TV soaps

High-end TV on other hand, often owes its success to the particular 'high concept' vision of a lead writer or showrunner. The UK's own cultural mystique of the individual playwright and its extension historically into the realm of TV drama has meant a focus on original writing. However, if demand for more returning high-end series and more extended runs continues unabated, we may yet see cultural change, with soap and HETV development skills cross-fertilising each other much more than they have in the past.

C. THE LONELINESS OF THE LONG-DISTANCE RUNNER

DEVELOPMENT CHALLENGES IN THE FEATURE FILM SECTOR

"This industrial structure [also] fails to deliver a consistent flow of films such that risks can be spread across a slate of projects. This inability to run a portfolio of films to mitigate financial risk acts as a very strong disincentive to private investment into the production sector. Obviously, this approach (also) does nothing to build the significant corporate structures which are essential to achieve a sustainable industry."

This observation from a 2003 House of Commons report on the UK domestic feature film industry does, to an alarming degree, also describe present conditions.[32] In its essence, the structure of the sector has remained unchanged in the last 20 years. In spite of the explosion of demand for new audiovisual content and the arrival of new marketplace buyers in recent years, UK independent film production has remained hobbled by chronic under-investment. The old analogy of British independent film as a 'cottage industry' remains apposite today: independent film production companies still rely on largely ad hoc and fragile relations with a small number of local public sector financiers (BFI, BBC Film, Film4) as well as international distribution and sales companies; and there is still very little direct interconnection, pre-testing, or connection between producers and their potential market, at home and abroad.[33] Whether cause or effect, the resulting broad shape of the UK production marketplace is obvious from the statistics for annual production across the past four years, which show the

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[32] The term 'domestic' describes those productions made by local producers for budgets that are usually only a fraction of those of the inward investment films made in the UK and wholly financed by, for example, US studios and global streamers. The 'domestic' film industry is a sector whose issues with chronic vulnerability and under-capitalisation all too often vanish inside the larger, more upbeat headline about overall levels of film investments in the UK: *"[…] Most sector commentary chooses to ignore the fact that bumper levels of Studio inward investment and extreme commercial fragility is to be found side by side in a polarised ecosystem."* Quoted from: "The Challenges facing the UK film industry: an investor overview," Martin Smith (Special Adviser, Ingenious Group and Visiting Fellow, ICCE/Goldsmiths), May 2018. Page 4. Report provided by the author.

[33] An observation from the same report quoted in footnote 27 might also be used to describe the present: *"There may ultimately be a high public demand for some of their products but, critically, these activities are non-demand-led in the sense that no associated market research or pre-testing has any useful predictive value as regards box-office performance."*

surge in HETV productions, a slight slump in the number of 'inward investment' productions and a striking decline in the number of domestic single feature film productions. Whilst the COVID years are a strong incidental factor in the 2020-2021 data, most interviewees agree the decline in domestic film production in recent times may also foreshadow a longer-term challenge.

UK screen production output by category, 2018-2021[34]

	HETV	Domestic Features	Inward Investment	Co-productions
2018	138	254	67	29
2019	146	222	97	30
2020	97	166	44	27
2021	175	126	55	28

C.1. Film and TV – a blurring of boundaries

There are also some powerful new factors at play. In an August 2022 commentary following the release of an Alma Economics' "Economic Review of Independent Film,"[35] BFI CEO Ben Roberts observed that "*The numbers show that the model of independent production is being shaken, at its foundations, in three critical areas: budgets are not growing at a market rate, revenues are showing signs of stagnation and costs are escalating. Taken together, far from driving innovation, these threats are likely to draw away investment and the ability for producers to sustain their creative risk-taking.*"[36]

Additionally, the UK domestic feature film ecosystem today has notably more porous boundaries with other sectors of screen production than in the past. A rising number of film production companies have been converting to scripted drama for the broadcast/streaming marketplace, with some companies departing feature production altogether. Others try to maintain a 'twin track' business, developing for both feature film and TV/streamer formats. As the two sectors consolidate into a more convergent content production ecosystem, observing development trends and issues that can be said to be specific to feature films is becoming more challenging each year.

[34] "Film, high-end television and animation programmes production in the UK: full-year 2021," BFI Research and Statistics Unit, February 2022. Found here: https://core-cms.bfi.org.uk/media/17242/download
[35] "An Economic Review of UK Independent Film – A report commissioned by the BFI," Alma Economics, July 2022. Found here: https://core-cms.bfi.org.uk/media/23020/download
[36] "The BFI response to the economic review of UK independent film – Press Release," July 2022. Found here: https://core-cms.bfi.org.uk/media/23023/download

In spite of the explosion of demand for new audiovisual content and the arrival of new marketplace buyers in recent years, UK independent film production has remained hobbled by chronic under-investment.

A by-product of this convergence is a growing two-way traffic in the evolution of business practice, in which the two sectors – independent film and television drama – appear, rather ironically, to have adopted each other's historic business model.

On the one hand, more feature films, including high-end projects which would have raised their budgets through a mix of local incentives/broadcast license fees/international presales/gap financing, are now being financed by a single global rights' acquisition deal with a single multi-territory streamer. This model resembles the legacy broadcast commissioning template that used to be dominant in TV production and is – at the moment – also the current model for the larger players in streaming.

On the other hand, as competition intensifies for episodic scripted drama between global streamers and UK/European PSBs, more drama projects are raising their budgets through multiple license fees as territorial or regional presales and 'co-productions' (in the non-treaty/commercial joint venture sense of the term). This looks remarkably like the historic model of British independent single feature financing: "*More and more TV shows have two primary broadcasters and an international distributor attached,*" says one talent agent.

The explosive rise in demand for TV/streamer content, all interviewees agree, has also set new challenges for those producers doing development in the feature film sector: as more writers and directors pivot towards TV/streamer-commissioned drama series, the pool of talent available for development on features is inelastic, hugely in demand, and consequently more expensive. One of the agents interviewed also observes a psychological boundary: "*very few writers manage successfully to alternate between film and TV; you kind of need to know who you want to be; the TV trajectory doesn't leave you time to do film; and while TV is regular work, film is a labour of love….*"

The other salient characteristic of the current marketplace for British domestic feature films is the widening gap in access to capital between the numerous cottage industry units and those relatively few high-end film companies able to call on the considerable resources of larger industrial entities. Examples of the latter include Blueprint, where Sony holds a minority stake; Working Title's status as a wholly-owned subsidiary of Universal Studios/Comcast; and more recently, Element Pictures' sale of a majority stake to

Fremantle.[37] To this list one must add Studiocanal UK, a wholly owned subsidiary of its French namesake, integrated into the Canal+ Group. It is noteworthy that all four examples are of companies that are now fully deployed across both feature film and TV/streamer project development in the UK, with Studiocanal clearly intent on expanding the ambitions of TV production company Red, in which it started investing in 2013. The recent trend of film production outfits developing a parallel presence in scripted TV and streamer content, both improves their sustainability as businesses and makes them more attractive for media-related investors or venture capitalists.

> *"Very few writers manage successfully to alternate between film and TV; you kind of need to know who you want to be; the TV trajectory doesn't leave you time to do film; and while TV is regular work, film is a labour of love…"*
> *– A screenwriters' agent*

C.2. The limits of the artisanal development model

Outside this small band of financially secure companies, UK feature film development remains largely artisanal. Smaller independents with little or no corporate funding can remain competitive in development in other ways, up to a point: when it comes to packaging feature film projects, reputational capital (e.g., track record, trust networks including prior relationships with talent whose names can attract development funding) still carry weight. However, such human capital tends to work if you're an older producer with a body of work and established connections. It provides scant consolation for new entrants and younger producers who report acute struggles in trying to build sustainable careers in film.

The 2020 UK Producers Roundtable Survey paints a grim picture:[38] its sample of 149 film producers skews young, with only 19% of respondents over the age of 40 and 28% aged between 18 and 30. As such, it provides a good snapshot of the current conditions under which younger producers are trying to make a living out of developing and producing features. 59% of limited companies in the sample (88% of respondents) had made no profit in the past two years. The survey also underscores the dramatic constraints on operating liquidity (with only 7% earning over £50,000 over the two-year survey period and 67% earning less than £20,000 over the five years to 2020). As importantly, 77% of respondents reported

[37] "Fremantle buys majority stake in Element Pictures," Ben Dalton, *ScreenDaily*, 10 May 2022. Found here: https://www.screendaily.com/news/fremantle-buys-majority-stake-in-element-pictures/5170318.article
[38] "Campaigning for better accessibility and sustainability for UK Film Producers – UK Producer' Roundtable: Survey Results," February 2020. Found here: https://www.ewawomen.com/wp-content/uploads/2020/02/producersroundtablereport_156596.pdf

having had to defer their producers' fees in whole or in part, with no respondent receiving more than 10% of budget as fees. Spending on development was also woefully inadequate, with 92% spending less than £12,000 a year. When asked which factors would most help create sustainable careers in the UK film industry "*more development funding*" got the largest number of mentions (59%), with "*a higher percentage of development money going to the producer*" also high on the list (45%).

Many of the more experienced film producers see development as a senior level task, requiring the depth and breadth of skills that only the lead producer possesses. Others could not afford to have a full-fledged development unit inside their small companies.

This small-is-beautiful, hands-on approach may have distinct merits in terms of quality control on specific single projects, but it also sets clear limits as to how many development projects the artisan-producer is able to manage at any given time. "*After years of trying various sizes in development slates, I find that eight is my magic number,*" says a producer with some 30 years of experience making high-end drama films for the UK and international market and operating from home, with no direct business overhead. "*Beyond that volume, we begin to lose our grip on quality.*" Whilst the logic is watertight, the limitation is also problematic for any producer looking to expand their business and attract investment from the private sector to finance development. A small output based on a small development slate is hardly an attractive business proposition for venture capitalists and equity investors looking for a portfolio-driven approach to risk and growth.

Therefore, whilst the persistence of the artisanal development model in feature films can be seen as an adaptation to a persistent shortage of liquidity, it can also be characterised as a **causal** factor of that shortage.

This small-is-beautiful, hands-on approach may have distinct merits in terms of quality control on specific single projects, but if also sets clear limits as to how many development projects the artisan-producer is able to manage at any given time.

C.3. Domestic feature film as 'public good' – market failure in development and production

It is almost a habit for economists examining the UK domestic film production sector to refer to this area of economic activity as characterised by 'market failure.' Economists describe market failure as what happens when pricing mechanisms lead to an inefficient allocation of resources and an attendant loss of economic welfare. The area of market failure that closely matches the economic predicament of British domestic feature film development and production is that of 'public good.' A public good is a product or service described as having '*positive externalities*' (e.g., a wider social benefit) but which people tend to under-consume.[39] Examples of such goods may include health services and primary education, which are also described as 'merit goods,' that is goods that have a beneficial social impact beyond their strict transactional value. A public good or a merit good may be under-produced and under supplied if dependent on sheer price mechanism as set by pure marketplace dynamics. This is where public policy comes into play, with an arsenal of measures designed to address the deficiencies of the market and thus ensure a supply of certain public and merit goods.

In most European countries, the notion that domestic film production is vulnerable to market failure is ingrained, as is the attendant idea that film makes an important contribution to a local culture and its sense of its own identity. These articles of faith are reflected in the complex public sector intervention mechanisms deployed by successive governments to address and remedy market failure issues. Since the advent of Hollywood as a globally dominant force after WW1, the idea that such correctives were necessary has remained relatively unchallenged.

Compared to its larger neighbours in mainland Europe (most notably France and Germany) the UK seems to occupy an ambiguous position in its recognition of market failure in local film production and in the logic behind public sector intervention across the whole value chain (in France this extends from production, through distribution, down to retail level, and is reflected in a multi-tiered levy system that now includes the streamers). On the one hand, the UK shares a common language with the US, and enjoys high levels of business integration in certain industries (financial services, digital technologies, music, talent management, inward investment film production). On the other hand, the dominant cross-party political and economic ideology has tended to regard film as a dispensable entertainment good rather than an indispensable 'public good' or 'merit good.' The ambivalence has resulted in an unusual degree of institutional instability on the part of the public sector, and in the tools for intervention tasked with addressing the market and maintaining a strong 'culturally domestic' film output. Over the past 30 years, the UK film industry has seen regular changes in public sector infrastructures (four different agencies successively in charge of nationwide public subsidy since 1990) and in the tools of intervention (grant-in-aid, Lottery funding, Section 48 tax breaks, EIS/SEIS interventions, Film Tax Credits, membership/withdrawal from the Council of Europe's Eurimages programme, withdrawal from EU's Creative Europe programme).

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[39] Research and development is an area of economic activity cited as a 'public good' prone to market failure: although these activities lead to 'positive externalities' in the shape of new or improved products and services that meet human needs, they also entail large sunk costs which market operators may hesitate to engage. The UK government has provided limited tax relief measure for R&D in some industries. These were sharply criticised by the Chancellor of the Exchequer in the November 2022 Budget in response to reports of widespread fraud and abuse. The Chancellor announced a reduction of the tax credit rate to 10% (from 14.5%). Some UK think-tanks (e.g., NESTA) have called for bespoke relief for R&D in arts and cultural sectors.

Compared to its larger neighbours in mainland Europe (most notably France and Germany) the UK seems to occupy an ambiguous position in its recognition of market failure in local film production and in the logic behind public sector intervention.

Presently, the UK is enjoying a period of relative stability in the deployment of the public sector in support for domestic film development and production. The system in place consists broadly in four interconnected layers: the remit-based public sector broadcasters, the BFI funds, the film funds operated by agencies in the Nations and Regions, and the film tax credits.

The next sections examine the role of the PSBs and the BFI as resource organisations for local feature film development funding.

C.4. The public sector feature development engines 1 – The PSBs' film divisions

BBC Film and Film4, the film arms of the BBC and Channel4 respectively, have had an important strategic impact on resources available for the development and production of British domestic feature films.

During a session at the 2022 Cannes UK Pavilion, Film4 CEO Daniel Battsek said of his division's slate: "*we take away the necessity for these films to be profitable*." Film4's ability to do so has rested in significant ways on the fact that its owner, Channel 4, is a guaranteed market outlet and a source of license fee as well as discrete equity. The same is true of BBC Film. The advantage from horizontal integration has enabled the two broadcasters' film divisions to take a project from development through to production financing. They have had the capability to leverage their initial investment and accrued reputation in the global marketplace to increase the chances of success in meeting international sales targets and securing production budgets. This unique positioning in the media marketplace is also enabling BBC Film and Film4 to cash-flow development on a large number of projects.

Historically, the integration advantage rested on the premium value of the free TV rights, with Film4 and BBC Film's ability to secure a first transmission as the premiere market after theatrical on most of the films they invest in. Whilst the importance of the broadcast premiere cannot be underestimated, the fact is that the value of free TV rights has been in decline over the past few years and the trend is accelerating as viewers continue to switch to non-linear modes of consumption. Furthermore, the value-transfer to these broadcasters' non-linear offers has not as yet quite managed to compensate for the erosion of value in the linear premiere, despite fast-rising consolidated viewing numbers. Many also argue that the PSBs' challenge is compounded by intensifying governmental pressures on both broadcasters (challenging the BBC's license-fee-based funding settlement and the Channel 4 model and its special status as an ad-funded remit-based broadcaster).

Another historic advantage enjoyed by Film4 and BBC Film is their (relative) integration alongside the wider scripted content divisions of these major broadcasters. This unique position means there can be an easier two-way traffic flow of development projects than tends to be the norm. Some TV series have been turned, at times successfully, into single features and whilst not every such venture delivers a success as resounding as Film4's *The Inbetweeners*, it undoubtedly lends those film divisions access to a larger talent and creative project-generation ecosystem.

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Although they are lavish in comparison to the average-sized independent production companies', the development expenditures of these broadcasters' film divisions remain modest: BBC Film has an £11 million overall annual budget, which translates into around £10 million annual net of overhead. Of this, the estimated development spend was around the £1.5 million mark historically, though there was a substantial increase during the two COVID lockdown years when production was in hiatus. Looking ahead, we estimate that the division may be committing annual development expenditure between £2m and £2.5m.

Film4 has around 100 projects in development at any given time, counting all projects for which a first option exists. However, the number of projects described as being in 'active development' are only 15 to 20 on average; these are the properties Film4 is reasonably confident of taking into production within a 12 to 24 months' time frame. Film4's annual development spend is around the £3 million mark but the figure has some elasticity: "*It's not that we won't go above this figure if it is justified because we're quality, not accountancy-driven; we also recoup substantial amounts when taking projects into principal photography but that refilling factor does not mean we have an automatic entitlement to spending over our annual ballpark figure for development,*" says a Film4 interviewee. The division aims to achieve an output of 8 to 12 features produced annually and their remit requires them to ensure about one fourth of these be lower-budget and/or first-time director films.

The public service remit and the orientation towards writer-director or director led projects means both BBC Film and Film4 have a degree of reticence around opportunities for co-development. "*It's easier to protect a director's vision when there are fewer cooks in the development kitchen,*" opines a BBC Film executive. Film4 has strong transatlantic connections and regularly co-finances with the likes of Searchlight, Focus, and New Regency. However, the production relationships do not automatically entail co-development: "*Unlike our US colleagues, we have considerable freedom around the projects we pick and like to give our directors a wide berth to develop their original visions*."

As integrated film divisions with significant connections to the marketplace both domestic and global, the PSBs are able to conduct the process of laying out not just a creative vision but also a path-to-market for each new film, attracting international partners and visibility.

The fact that the majority of BBC Film's and Film4's output of films is made up of projects originally developed by them, in conjunction with independent producers, arguably adds a qualitative dimension to their development investments: as integrated film divisions with significant connections to the marketplace both domestic and global, the PSBs are able to conduct the process of laying out not just a creative vision but also a path-to-market for each new film, attracting international partners and visibility.

C.5. The public sector feature development engines 2 – BFI

This section discusses some of the strategies deployed by the UK public sector in support of project development. We have focused our observations specifically on the measures implemented by the BFI nationally. We acknowledge here the importance of the work of screen agencies in the Nations and Regions of the UK, much of which involves levels of strategic coordination with BFI, with a view to fostering geographical and cultural diversity in UK Film. We acknowledge that the contribution these agencies make to the overall development ecosystem would require additional research.

The BFI aim to deploy their financial support holistically. As part of this vision they offer not only individual project development loans but also support slate-funding programmes as well as cash-flow facilities for production companies' overhead and skills development programmes. All of these areas are germane to the policy objective of addressing the financial constraints that challenge the feature development sector.

BFI and the public sector development spend equation

The publication of the present study follows shortly the announcement by BFI in October 2022 of a new ten-year 'Screen Culture 2033' Strategy for the years 2023 to 2033. The Strategy is based on a set of core principles and objectives and its detail will not be entirely fleshed out before the first quarter of 2023. The Strategy will also have to be delivered on a smaller budget, due in part to a 10% reduction of National Lottery funds, one of the agency's principal sources of income, and the adverse fiscal climate, which makes increases in grant in aid unlikely over the forthcoming years.

At the time of writing, BFI were engaged in a wholesale review of all their activities and many decisions were still pending as to possible changes to the film funds and other forms of funding for filmmakers, including development. Consequently, this chapter concentrates in the main on the BFI's recent past performance in supporting development. We have taken as a reference point the agency's five-year Financial Plan 2017 – 2022. In the execution of this Plan, BFI funded two main strands (single projects and Vision Awards) that directly addressed the feature film development landscape, as well as the BFI Network, through which emerging talent have been supported to make short films and first features. BFI Network is delivered through partner model with regional and national screen agencies. The main focus of BFI Network is two-fold: short film production and early development.

Taken together, the two main BFI development funding strands – single projects (£12.5m across five years) and Vision Awards (£4m across five years) – had a combined five-year budget of £16.5 million. In percentage terms, the sum represents less than 3.5% of the overall £488.8 million BFI Budget for the period. The BFI Network had a Budget of £2.6 million annually and although only a proportion of this funding strand relates directly to project development and not production, the Network's strategic function remains to launch new writers and directors' careers. In that sense, it is germane to the agency's overall development strategy.

As part of our research for this study, we extracted data from the public domain database on all grants and loans awarded by the BFI over the period from 2017. Looking at all single project development loans for the five calendar years 2017 to 2021 inclusive, we see a total development expenditure of £9,274,925.[40] The lowest annual spend fell in calendar year 2017 (£1.34 million) and the highest annual spend in 2019 (£2.18 million). There were 459 single development awards made during the five calendar years. 59% of those were for amounts between £10,000 and £30,000 and only 5% for £40,000 or above.

[40] This data set does not include some of the additional £2 million annual for the development of documentaries: from 2018, this sum was delegated to Doc Society and therefore does not appear in the BFI database for the subsequent years.

BFI Development Awards, 2017 – 2022 – Yearly Totals

Year	£ Yearly total	No of Awards
2017	1,339,000	71
2018	1,822,081	91
2019	2,183,260	103
2020	2,000,955	103
2021	1,929,629	91
Totals	9,274,925	459

BFI Development awards, 2017 – 2021 (calendar years) – Award Sizes

Size of awards	Number of awards
0-5k	61 (13%)
5-10k	46 (10%)
10-20k	128 (28%)
20-30k	143 (31%)
30-40k	59 (13%)
40k+	22 (5%)
Grand Total	459

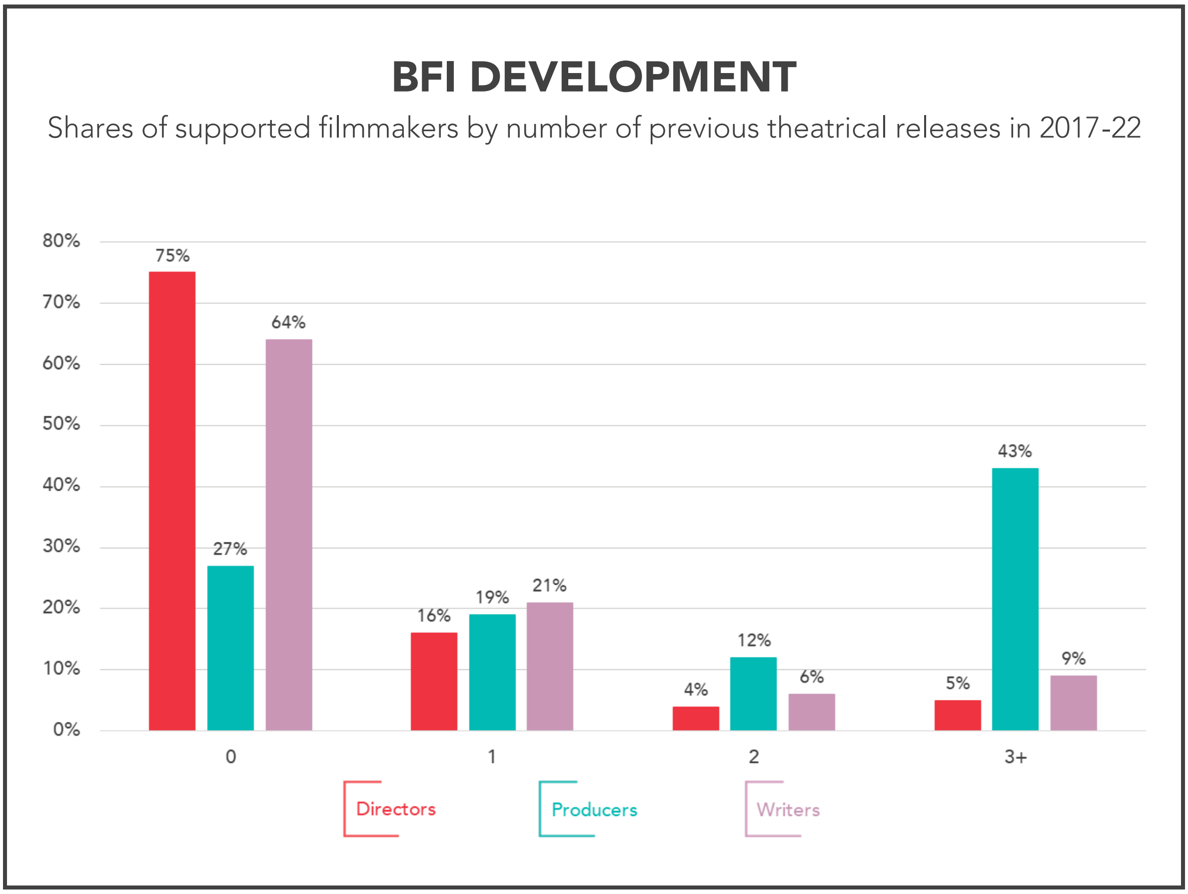
There were BFI development loans to 67 different projects recorded in the database for 2017.[41] Using other information also available in the database, we tracked each of these projects to the present day. We found that 17 had converted into completed feature length productions by June 2022.[42] This yields a crude conversion rate of just over 25%, or one in every 4 projects. Regrettably, extrapolating this conversion rate across all five years would not be likely to yield results within an acceptable margin of error: not least, the production hiatus from the 2020 and 2021 lockdowns is too strong an incidental factor and would significantly skew the results.[43]

The 25% conversion rate for projects supported by BFI loans in 2017 compares favourably with industry data generated in the only pre-existing survey-based study on development in the UK feature film sector, conducted in 2007. That study estimated the conversion rate

[41] There were 71 awards to 67 projects, with 4 projects receiving two awards each during the calendar year.
[42] The actual total was 19. However, two for these were short films which were taken out of the equation.
[43] Additionally, the 67 projects that were in receipt of BFI development loans in 2017 would each have been at different stages in their development timelines, with some to them having already received loans in previous years and being closer to production financing, whilst others would have been in early development. The fact that the sample is therefore not uniform presents an additional challenge in drawing any stable conclusion from the data.

across the sector to be around 18% for the period 2001 – 2006.[44] Although a single year sample is perhaps not sufficient or reliable, one possible hypothesis for the higher conversion rate on the BFI-supported 2017 projects could be that such projects may be more likely to raise further development finance and production finance, having already passed through a form of 'creative triage' (i.e., having been selected by the public sector's main agency). Such hypothesis deserves further study and we would urge the BFI to undertake research along those lines for the benefit of the industry at large.

The figure below – reproduced with the permission of the BFI, is extracted from a survey-based report by Alma Economics evaluating the performance of all BFI Funds.[45]



The figure shows that the majority of Development Fund awards between 2017 – 2022 were for the filmmakers' first or second projects. 91% of directors, 46% of producers, and 85% of writers in the survey had had either zero or only one film in theatrical release before receiving the development award. However, producers in the sample were typically more experienced than directors and writers, with 43% having been involved in three or more theatrically-

[44] "A Study of Feature Film Development and Screenwriter and Development Training in the UK," Attentional (commissioned by the UK Film Council), September 2007. Found here: https://www2.bfi.org.uk/sites/bfi.org.uk/files/downloads/uk-film-council-study-into-film-development-and-training-in-the-uk.pdf

[45] "Evaluation of the Film Fund," Alma Economics (prepared for BFI), August 2022.

released films prior to receiving development support form BFI. What these figures reveal about the BFI's strategic emphasis on early career projects makes the 25% conversion rate both all the more striking, given the additional obstacles faced by projects with first or second time directors and writers. It also highlights the producers' frequent mentoring role in the early career development of new talent.[46]

BFI Development loans by company, Number of loans per company

	2017	2018	2019	2020	2021
Companies with 1 loan only	50	59	60	67	60
Companies with 2 loans	9	10	9	15	9
Companies with 3 loans	1	4	3	2	3
Companies with 4 loans	0	0	1	0	1
Companies with 5 or more loans	0	0	2	0	0

A full appraisal of the BFI's deployment in activities relevant to development should arguably also take into account other initiatives budgeted within the Future Talent segment of the 2017 – 2022 Financial plan (this totalled £140.1m for 2017 – 2022). The Future Talent section of the overall budget encompasses talent development initiatives; the ifeatures' programme; and "Business Support" funding strands.

- £12.5 million was designated for "Talent Development and ifeatures" (the latter being presented as "*driving the development and production of high-quality features to realise the next generation of filmmakers.*"
- £10 million was allocated to the Enterprise Fund, an initiative run in coordination with screen agencies in the English regions and designed to provide them with cash for core business expenditure.
- Additionally, £2 million was earmarked for the National Cluster Growth Fund, which helps finance 'economic development plans' for SMEs. Since the purpose of these initiatives would have been to cash flow the core overhead of film production SMEs outside the M25, the expenditure is partly relevant to the development landscape (development being a mainstay of these emergent companies' core business).

[46] The Alma Economics analysis also shows that – with the exclusion of producers – BFI Production funds skewed towards first and second time filmmakers.

C.6. Is it right for Development to be the poor relative in public sector support?

Making the most generous possible assumption about the relevance of some of these budget lines to producers' development needs and adding them to the direct development funding of the Project Loans and the Vision Awards listed further above (total: £16.5m), the total proportion of development-related expenditure in the BFI's last five-year plan can be estimated at £41 million, or 8.3% of the £488.8 million overall Budget for the five year period.

> *The BFI aim to deploy their financial support holistically. As part of this vision they offer not only individual project development loans but also support slate-funding programmes as well as cash-flow facilities for production companies' overhead and skills development programmes.*

The question that must be asked is whether or not an expenditure below 10% of these public funds adequately and efficiently reflects the widely recognised importance of development as a key factor in quality control, project selection, talent discovery and ultimately, the delivery of a wide palette of films, fully reflective of the UK's cultural diversity. Our study provides anecdotal evidence of the part-failure of the market, by itself, to mobilise sufficient financial resources at the development end of the feature film product cycle, to support a diverse cultural outcome. And yet, development appears at times to be treated as an afterthought in the strategic thinking about the industry, its core deficiencies and needs: the near absence of references to development in the otherwise thorough analysis contained in the *Economic Review of Independent Film*, commissioned by the BFI from Alma Economics, is perhaps symptomatic of this persistent oversight. Should not the public sector agencies be looking again, and more closely, at the degree of budgetary priority they give to development relative to other areas? Should not new statistical and policy evaluation tools be developed in support of future policy-making in this area, where there is still a dearth of hard data?

Development appears at times to be treated as an afterthought in the strategic thinking about the industry, its core deficiencies and needs.

Doing full justice to these issues would require a holistic analysis that is far beyond the scope of the present study. It would need to encompass the potential impact of changes to the BBC Charter and the ownership of Channel4 on these broadcasters' feature film divisions and an assessment of their ongoing supply of development resources in support of outcomes such as the development of new UK film talent, and of cultural diversity in UK film plc. In its response to the Alma Economics' *Economic Review*, BFI committed to working with Film4 and BBC Film to "*review processes and support for independent film production*" and to publish the review by the end of 2022. Perhaps the review will present an opportunity for this 'Holy Trinity' of UK independent film financing to imagine a more ambitious infrastructure of support for development funding.

C.7. The Commercial Development Fund – A missed opportunity

An opportunity to up the ante on development resources for independent film was clearly missed after the BFI-appointed Commission on UK Independent Film released their report in July 2018.[47] The Commission identified the paucity of public sector resources for development as a key factor in the underperformance of UK independent films. The report summarised the issue with a quote from Nik Bower, an independent UK producer and financier: "*Without capital to fund the speculative process of optioning books […] and paying writers to adapt them into screenplays, or commissioning writers to create original screenplays, there would be no autonomous film and television production in this country.… Private capital to fund development is even scarcer than for production.*"

The Commission proposed the creation of a "Commercial Development Fund" with a view to investing higher than average amounts in the development of "*commercially ambitious independent films.*" The aim was to raise a minimum of £5 million to be invested over a five-year period. The fund would have operated independently, with endorsement from BFI and using commercial development expertise to manage the investments, with a view to turning in profitable films with broad appeal. The Commission hoped to attract funding from – amongst others – leading US streamers with a commissioning presence in the UK. It aimed

[47] "BFI Commission on UK Independent Film," BFI, July 2018. Found here: https://www2.bfi.org.uk/sites/bfi.org.uk/files/downloads/bfi-commission-on-uk-independent-film-2018-07-18.pdf

to do so not through regulatory coercion, but by persuading these market actors that contributing to the fund would be integral to their own long-term commitment to quality UK independent film content.

In the event, with the Commission being convened for a one-off process only and disbanded after the release of its report. Consequently, no further action was taken to look into the feasibility of a fund that could have helped drive additional resources into the UK independent sector's depleted development base.

C.8. Hatching the next gen of producers – have the BFI Vision Awards worked?

The Vision Awards were first introduced during the latter years of the UK Film Council, between 2008 and the abolition of the Council two years later.[48] Although there have been some changes to the guidelines over time, the policy aims behind the initiative have remained consistent since BFI took over responsibilities for Lottery funding for film in 2011.

Vision Awards offer selected new or recent entrants to the film production sector a cash-flow facility to enable them to begin building development slates instead of being constrained to put all their bets behind a single project. The fund is open to producers only and requires applications to be focused on a mid-term business vision, not merely a collection of development projects. 50% of each award is deemed non-recoupable and is in principle earmarked as a fee for the recipients, effectively buying them a modicum of time in which to find and develop projects befitting their creative visions, building partnerships with writers and/or other producers, and to developing "*ongoing sustainable businesses.*" The balance of 50% is recoupable and tends to go towards paying for options, writers fees and other development tasks.

Historically, the Vision Awards were focused on start-ups almost exclusively but the evolution has been to open applications to a wider set, including producers who may be further along the career path and need the additional boost in cash to improve the sustainability of their businesses. And whilst many of the Vision Awards businesses may be start-ups, the producers themselves need at least one prior production credit in order to qualify.

Vision Awards recipients interviewed for this study agree these cash injections have made a considerable difference. They've helped turn their early careers into economically viable propositions, by affording them the time to identify development properties, to option books or flesh out original ideas, to work with writers and directors, and to nurture projects at least in the early stages. One interviewee describes the Vision Award as "*a life changer,*" coming as it did, when her prospect of leaving freelance work behind in order to concentrate on producing, was becoming unsustainable. Three successive rounds of awards have meant her company receiving a sustained development cash-flow over a period of several years, during which the company has been able to build a small niche for specialist films reflecting aspects of the UK's cultural diversity.

[48] The UK Film Council was created in 2000 and abolished in 2010, with BFI taking over all funding strands from March 2011.

This study provides anecdotal evidence of the part-failure of the market, by itself, to mobilise sufficient financial resources at the development end of the feature film product cycle, to support a diverse cultural outcome. Should the public sector agencies be looking more closely at the degree of budgetary priority they give to development?

Another interviewee is currently in a position to self-finance a small development slate through a mix of Vision Awards funds and a production bonus from a single feature made for a US streamer. In his view, the Vision Awards are also a smart management tool from the BFI's Development Fund's perspective: giving a number of young producers who would otherwise apply for single project funding a more open draw-down facility on a whole slate may help to a degree make the individual project loan system less oversubscribed. However, many of the projects hatched through the Vision Awards will eventually also be applying for additional development support from BFI.

Recipients report being almost entirely autonomous regarding decisions on the specific use of Vision Awards funding. "*You pitch only once, for the whole slate, with the whole BFI department in the room.*" The BFI expect an original creative and business vision more than an enumeration of project specifics. Each successful applicant liaises with an individual BFI mentor and the recipient must file a quarterly expenditure report.

Interviewees are clear about the limitations of the Vision Awards' strategic impact. "*These awards are really a form of seed funding; breaking them down into single projects on your slate, they give you enough for, say, a mood board or a treatment but won't cover script fees most of the time,*" says one recipient. Working with those limitations, recipients have proven adept at adapting their choices to the limited cash available, for example by working with new writers, optioning little known genre books outside the blockbuster market or even the literary mid-list, etc. Some also stress that the seed funding put them in a more favourable position to raise additional development funds from third parties, as well as individual project loans from BFI.

The interviewees also conclude that Vision Awards have not made a significant difference to the longer-term sustainability of their companies, which continue to experience chronic challenges in access to working capital. But those who have stayed the course value the fact that the awards helped empower them to afford making that difficult transition from a first to a second feature,[49] with attendant gains in professional skills and reputation. At the very least, the Vision Awards may prove to be a reasonably cost-effective strategy for recruiting and retaining younger producing talent at the point in their fledgling career when they are

[49] Or from a second to a third feature – guidelines specify application can only be from producers with no less than one production credit and no more than three.

not in a position to launch themselves into a cash-intensive and highly speculative cycle of initial development. Recipients also point to what they see as a trickle-down effect of the Vision Awards on launching the careers of new writers and writer-directors.

Interviewees conclude that Vision Awards have not made a significant difference to the longer-term sustainability of their companies, which continue to experience chronic challenges in access to working capital.

The publication of the present report coincides with a BFI internal review process, to implement the 2023 – 2033 10 Year Strategy launched in October 2022. As part of this process, Vision Awards has been placed under review, with BFI looking to re-name and realign the scheme and possibly offer similar types of slate support across different funds.

C.10. BFI Development funding – time to change the script?

According to data generated for this study from the BFI awards database, the BFI Development department awarded 459 individual development loans to 237 different UK companies in the five-year period 2017 to 2021. The two peak years were 2019 and 2020, with both recording 103 development loans. The lowest number of loans on record for the period was 71, in 2017.

This tally, to which Vision Awards, BFI Network, and additional talent/skills' development programmes should be added,[50] makes the BFI the single largest development hub by project volume in the UK domestic film industry.

User feedback from our research is generally positive, regarding the BFI's Development Fund's internal culture, with recipients having a good general judgment of the professionalism of their public sector interlocutors and of their knowledge of the industry's creative/business challenges. There are, however, two recurrent criticisms. Firstly, users often feel frustrated with the average time it takes the department to advance on a single development project: "*It takes an inordinate amount of time, which we can scarcely afford – it sometimes feels as if BFI have more projects on the go than they're able to process and handle,*" says one young producer. Secondly, there is – at the very least – an ambivalent response to the BFI culture of contributing producers' notes on scripts. Some interviewees

[50] E.g., the BFI Network's Early Development Fund, which supports new, less-experienced talent with no producer attached to their project.

think the agency can be overbearing on this front, adding layers of material to respond to and manage and thus also contributing to lengthening the time spent waiting for a greenlight into the next stage. "*Overdevelopment can kill a project,* " says a development loan recipient, "*sometimes it would help if BFI were a little more light-touch on material and allow producers to take more risk.*" Although these findings are anecdotal and could in part be offset by the positive experiences of many, they do suggest a tension in the system: the question that could legitimately be asked is if, instead of adopting the creative feedback system of a film studio, the future management of BFI single project Development Funds might not benefit from a more neutral approach, leaving market actors (co-financiers, sales agents, etc) to provide the necessary quality control. A new initiative – the Creative Challenge Fund, as part of the BFI's 10 Year Strategy – may go some way towards achieving a measure of decentralised decision-making (see section C.10 below for further analysis).

"Overdevelopment can kill a project."
– A BFI Development award recipient

One experienced producer traces the roots of the agency's emphasis on script notes to the innovative approach to public sector intervention on development imagined by the UK Film Council in its early 2000s: "*The argument back then was that local producers were making unsuccessful films based on undercooked scripts. The trouble is that the film policy pendulum may now have swung too far the other way, with BFI over-managing the process at the expense of effectiveness; they often provide notes in a vacuum, having little connection with the audience or the realities of production. Is it not possible to imagine the funds working more like a bank? Can't BFI trust producers more?*" BFI Fund director Mia Bays, who started in the post in October 2021, acknowledged this unease head-on, saying she wanted to address "*the level of bureaucracy*"[51] that producers complain about and spoke of "*democratising*" the application process.[52] She did not however minimise the real complexities involved in making substantial changes: "*we have to remind the industry that lottery funding comes with a lot of responsibilities and requirements.*" This argument regarding Lottery compliance and accountability is, of course, not new: it has been underlined regularly ever since Lottery funding for film was first brought into play some 25

[51] "The BFI, BBC Film and Film4 heads on why their roles in UK indie film are more vital than ever," Mona Tabbara, *ScreenDaily*, 4 April 2022. Found here: https://www.screendaily.com/features/the-bfi-bbc-film-and-film4-heads-on-why-their-roles-in-uk-indie-film-are-more-vital-than-ever/5169099.article
[52] "BFI Film Fund is "democratising" funding award applications, says Mia Bays," Ben Dalton, *ScreenDaily*, 10 June 2022. Found here: https://www.screendaily.com/news/bfi-film-fund-is-democratising-funding-award-applications-says-mia-bays/5171598.article

years ago. A BFI executive interviewed for this study also notes that "*the right kind of bureaucracy also means more transparency and it's certainly better than a system based on nepotism or buddyism,*" a criticism often cited in the history of the public sector's engagement with the film industry. The interviewee also says BFI Development team's notes on draft scripts should not be dismissed on principle alone: different projects have different needs and the fact is that new talent may be more dependent on BFI input at development stage than more established filmmakers. "*Our notes are not a condition of funding and the extent to which we intervene depends entirely on the nature of the project and the needs of the talent we serve. We try to make bespoke choices in this respect rather than have a uniform template of intervention.*"

C.10. Talent 'hubs', shorts and micro-budget features' initiatives as a form of development – what the BFI 10 Year Strategy holds in store

Single project loans and slate funding initiatives such as the BFI's Vision Awards are important implements in the public policy toolkit for addressing market failure in feature film development.

A parallel set of intervention tools consists in programmes to enable emerging talent to produce low-budget features from scratch. The Microwave scheme, began in 2006, went on to fast-track the development and production of several slates of first features.[53] The innovative idea behind Microwave was to create a holistic hub in which carefully selected new talent would get rigorous professional exposure to all the various articulations of the development process, all the way to their first production. Talent was selected on the basis of a draft screenplay but on the understanding that the draft was a first stage in the development process they were about to be guided through by a group of seasoned professionals. After this, the new entrants benefitted from a year's worth of project development immersion, which included not only an initiation into the script development process but also in the skills involved in budgeting the project realistically against an appraisal of the film's commercial potential.

Microwave brought in production heads of departments to help steer this year-long immersion into the multiple aspects of development: they included editors, production designers, unit production managers, location managers, etc. They also brought in cinema bookers and programmers, in a bid to ensure that the young talent at the centre of the project would develop live connections with the professionals ultimately responsible for launching a film's career. To a degree, the BFI/Creative UK iFeatures[54] initiative, which spawned successful first films including *Lady Macbeth* and *Apostasy*, sought to replicate aspects of the Microwave approach, with a similar focus on empowering new talent all the way from an initial idea to a completed film.

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[53] Microwave has been in hiatus since 2020 with the prospect of a possible "relaunch and reboot," according to information on the Film London website: https://filmlondon.org.uk/microwave

[54] At the time of writing, iFeatures also appeared to be in hiatus since 2020, as a result of partnership funding issues. See here: https://deadline.com/2020/02/iFeatures-on-ice-creative-england-new-backers-lady-macbeth-apostasy-initiative-partners-program-under-review-1202862997/

Interviewees recognise that the financial figures behind the Microwave model would not work today, given the changed distribution landscape and considerable increase in both below-the-line production costs and talent. But the model itself continues to be emulated. In March 2021, Creative UK, in partnership with Netflix UK, launched Breakout. The scheme will offer the six successful applicants an endowment of £30,000 per project for development costs and, in parallel, an intensive "lab" training programme into development and production. Successful projects will go on to be picked up by Netflix, who have committed to fully-finance at least one annual Breakout feature for a production budget set at a ceiling of £1.5 million. It is too early to offer an assessment of the performance of this new public/private partnership programme.[55] However, the fact that the first call for projects was so staggeringly oversubscribed – 800 applications for 6 slots – attests to the sheer magnitude of the underlying demand for programmes that offer new and recent entrants a more structured, mentored and industry-facing form of development aid.

These initiatives sit at the very porous border between project development and skills/career development. By seeking to address both sides of the equation, they may be offering a more integrated solution to the development issues of the feature sector, alongside the individual project loans or slate funding.

One of the programmes unveiled as part of the BFI's 2023 – 2033 10 Year Strategy is a new Creative Challenge Fund. BFI see the new Fund as a response to the industry's calls for a more decentralised and diverse approach to development funding. A separate entity from BFI Network, the new Fund will support several independent development 'hubs' whose mandate will be to take filmmakers through the first stages of development until the point when they'll be able to go into the marketplace with a pitch-able package. Though BFI recognises that the hubs will have an educational impact, their primary aim will be to offer an enabling creative and business structure for project development, getting these off to a good start through skilled professional support and mentoring. "*The hubs will be conducive environments for creative guidance,*" says a BFI executive who also observes that the concept behind the Creative Challenge Fund is to re-enliven support for the type of creative structures that were historically supported, pre-Brexit, by the Creative Europe programme.

Candidates for the Creative Challenge Fund hubs are likely to be established production companies able to offer a supportive infrastructure and expertise. The bids will not require partnership funding and the BFI intends to pick very different bids so as to ensure the scheme offers a genuinely diverse new set of entry points into development for new and intermediate talent.

The Creative Challenge Fund concept has been well-received by the industry; however, some question the extent to which the initial £1 million annual budget for the entire scheme can do much to address the considerable demand for development resources and whether meaningful decentralisation (and diversification) of development decisions away from the BFI's Filmmakers' main fund can be achieved, given the overall reduction in BFI's Lottery

[55] The first Breakout call for projects closed in March 2022.

funds over the next decade. BFI intends to review this budget after year one, with the possibility of additional hub funding after 2023.

As part of the 10 Year Strategy redeployment, BFI will also be looking at supporting higher-budget short film production; the new scheme will be aimed at filmmakers with existing professional experience who are looking to expand their skillset; to a degree, the scheme will aim to replicate some of the historic schemes discussed above, such as Microwave and iFeatures, with a similar emphasis on distribution as well as production. The new High Budget Shorts Scheme will be managed by BFI Network.

C.11. Begging bowl – Business practice on revenue sharing keeps the UK producer development-poor

How revenues flow – or fail to flow – back to the production company, is one of the key structural issues in the generally poor financial performance of development in the UK film industry. One of the most recurrent observations of interviewees regarding the challenges of development funding for UK features has been both the pressures on budgeted fees for producers, and the paucity of returns accruing to producers from the commercial exploitation of films.

When left to the sheer interplay of market forces, the producer and the production company all too often underperform on three fronts:

- First, financiers will routinely apply pressure to reduce either the negotiated amount of the producers' fees and overhead, and/or require that a proportion – or the whole – of those fees be deferred. When fees are deferred, the UK producer is seldom able to negotiate a favourable recoupment position in the revenue waterfall. Deferred fees will typically be recoverable only in a very subordinated position which is unlikely to be achieved. The 2020 UK Producers' Roundtable survey quoted extensively in section C.2 showed 77% of respondents had to defer producer fees at least once.

- Second, UK film producers also report strong push-back by external industry financiers against their attempts to treat tax credits as recoupable producer equity (as was originally intended).

- Third, producers' power to negotiate for retention of strategic rights in the film is generally limited at both ends of the negotiation spectrum: on the one hand, most strategic rights may already have been pre-sold to market actors and tied in for many years; on the other hand, for films based on underlying literary properties, agents and their authors increasingly tend to want to grant limited screen adaptation rights and reserve others – for example, single film versus TV series. (It is worth noting comparatively that the single most transformative event in the evolution and booming economic growth of the modern British TV drama industry was the change to the Terms of Trade, which directly addressed the issue of rights allocation between production companies on the one hand, and broadcasters on the other).

Overall, there is a persistent disconnect between the centrality of the producer to the management of a project and her/his limited power to secure revenues and consolidate IP in their companies. These structural weaknesses affect development very directly and strategically: insufficient financial returns towards the producer feed the chronic deficits in operating cash available for development tasks from the producer's own resources.

C.12. Lockbox and producer's equity corridors – it helps but it ain't ever enough

Over the past two decades, there have been laudable efforts by the BFI and the public service broadcasters' film divisions to use their bargaining power responsibly in order to improve upon the positioning of the UK producer in the film revenue waterfall, in a bid to address the structural issues behind film producers' persistent development cash shortage, in particular.

Since 2010, the BFI has operated a 'Locked Box' mechanism to support UK independent filmmakers in their bid to get more value from the exploitation of their works. The BFI Locked Box collects funds from three distinct sources:

1. The "BFI Corridor," whereby a proportion of the BFI's recoupment income from its production award investment in a film is set aside and earmarked for the producer of that particular film. The BFI Corridor is set at an initial percentage of 25% of the BFI's recoupment income from first dollar to the point at which the BFI has recouped 50% of its production award. The producer's corridor then increases to a 50% share of the BFI's production award recoupment income, until the BFI has fully recouped its production fund award. Accordingly, if the BFI **fully** recoups its production fund award an overall blended percentage of 37.5% of such recouped award is earmarked for the film's producer by way of the BFI Corridor.

2. The "UK Film Tax Credit Entitlement" which treats most of the value of the UK FTR as recoupable producer's equity in that particular film.

3. Recycled Development Funding, whereby the amount of the BFI development loan money reimbursed by the UK producer to the BFI on commencement of principal photography will be assigned to a BFI Locked Box and accessible for future use by that producer.

In each of these three instances there are restrictions on the use of BFI Locked Box funds. Such monies can be utilised by the producer for three permitted activities: film project development costs, production investment in the producer's own film(s), and staff training costs.

There is a persistent disconnect between the centrality of the producer to the management of a project and her/his limited power to secure revenues and consolidate IP in their companies.

Interviewees support the BFI's Locked Box initiative, though with a critical outlook on its efficiency. Some believe the control of the Locked Box by bureaucrats places problematic constraints on their own decisions about the development resources each project requires. Some also think the ceiling on producer fees for Locked Box Recycled Development Funding is too low (one interviewee said hers was set at £2,000 per project). However, the Locked Box ceiling on amounts allowed to be allocated by way of producer fees was raised considerably during the two COVID years, according to other producers, who welcomed the hike at a time when there were no immediate prospects of putting projects into production. During the period of April 2020 to September 2021, BFI also helpfully allowed lockbox recipients to use some of their Locked Box funds to cover some of their company overhead for qualifying production companies.

Interviewees also point to the Locked Box BFI Corridor monies impact on producers' returns being diluted by the fact that funds by way of the BFI Corridor are normally split three ways between director, producer and writer, with each receiving a base amount of 12.5% of the BFI Corridor Locked Box monies whilst the remaining 62.5% of the BFI Corridor Locked Box monies may be allocated (at the producer's sole discretion) amongst the producer, director, and writer as the producer sees fit.[56]

One seasoned film financier interviewed for this study dismissed the philosophy behind the very concept of the lockbox as "*condescending Victorian patronage.*" She believes it may have encouraged private sector financiers to be let off the hook on business practices that do not allow for a fair recoupment share to the producer.

The producer's equity corridor initiative (PEC), backed originally by BFI as well as BBC Film and Film4, is also widely supported by producers.[57] The announced strategy was to ensure that the net value of the production tax credit in the finance plan of the particular film would

[56] A 2015 agreement between Pact, the Writers' Guild of Great Britain (WGGB), Directors UK, and the BFI whereby any Locked Box BFI Corridor monies (but not, for the avoidance of doubt, the Locked Box UK FTR Entitlement and/or the BFI Recycled Development Funds) are to be split between the UK producer, the writer, and the director. Per this agreement, producers may receive funds from all three sources whereas writers and directors may claim from the BFI Corridor only.

[57] The Producer's equity scheme was first launched in May 2007, as a joint and coordinated initiative between the UK Film Council, BBC Film and Film4. See here:
https://www.bbc.co.uk/pressoffice/pressreleases/stories/2007/05_may/14/equity.shtml

be treated as the UK producer's equity participation in such film. The organisations pledged to ensure that this designated producer's equity would as much as possible be recoupable on similar terms as that of other financiers, on a pro rata, pari passu and pound for pound basis.

Anecdotally, some producers report having been better off as a result of the availability of these interventions in the revenue waterfall. Recent research about the BFI lockbox shows many recipients have been able to muster new resources for their project development from returns on those entitlements. However, most interviewees also think producer's equity dispositions have not yielded the anticipated results because the measure lacks support from the wider film financing community outside the public sector funders. Although they are now over five years old, figures compiled by Olsberg•SPI for their 2017 report on the UK independent film production sector appeared to corroborate these observations: the study found that out of 335 relevant investments (i.e., those made by BFI, BBC Film, and Film4 as the three signatories to the producer's equity scheme), only 126 films had used the FTR as producer's equity. Of these, only 32 films had seen sufficient revenue to generate cash for the producer(s). The data suggests two conclusions: 1) the fact that producers were successful in securing the application of these terms on only a minority of the films (37%) underlines the unwillingness of many private sector financiers to accept such terms. It is a reminder of the stark reality that the initiative – in and of itself – did not address producers' weak bargaining power; 2) the fact that only 25% of the films – the ones for which producers obtained the treatment of the FTR as their equity – generated revenue on that equity is a reminder that no amount of intervention on the positioning of the producer in the revenue cycles can make up for structural market factors and that commercial returns on much of the UK domestic film output are, at best, meagre.

The Olsberg•SPI report concludes that "*[the producers' equity mechanisms] have not had a widespread transformational effect on the sustainability of the overall independent production sector.*" Five years later, our own research suggests producers' own assessments of the impact of the measures remain consistent with this conclusion.

The BFI lockbox and the PEC could also in future, be subject to changes that may not necessarily be favourable to producers' recoupment position. Under its 2023 – 2033 10 Year Strategy, the BFI is under considerable pressure to compensate for the substantial drop in its institutional funding base by increasing alternative revenue sources, including through partnerships with the private sector. As part of this review, BFI will also be taking a fresh look at its own recoupment position on production loans and the lockbox mechanism may be re-examined in this light. The removal of the one mechanism – albeit imperfect - that rewards producers directly for market success would be a retrograde step.

A 2018 report on UK film by Martin Smith argues that another important disconnect is that the Film Tax Credit "*performs no strategic commercial function.*"[58] Smith's contention is that, whereas the FTR only increases the volume of film production activities in the UK, principally for US studio films, it is not regulated in such a way as to result in the improvement

[58] "The Challenges facing the UK film industry: an investor overview," Martin Smith (Special Adviser, Ingenious Group and Visiting Fellow, ICCE/Goldsmiths), May 2018. Report provided by the author.

of the producers' bargaining position and therefore fails to address the penury of development cash that most independents struggle with. Historically, it had been the intention of policy makers to address this issue back in 2007, when the FTR was first introduced. However, this priority dropped off the institutional agenda, perhaps due to the fact that the success of the FTR in raising the overall volume and value of annual production investments so spectacularly, gave successive governments a reason to argue that key macroeconomic aims had been achieved.

> *"[the producers' equity mechanisms] have not had a widespread transformational effect on the sustainability of the overall independent production sector."*
> *– The State of the UK Independent Film Sector, Olsberg•SPI Report (April 2017)*

Martin Smith's argument turns into a cautionary note over the much-publicised call by the UK producers' organisation Pact to raise the intensity of the FTR to 40% for films budgeted between £2 and £10 million. This proposal has also been acknowledged by the BFI as a necessary measure to remedy the chronic issues with British independent film financing.[59] Smith argues that the FTR hike should be implemented with new regulatory conditions governing rights ownership and control as well as revenue-sharing. Failing this, it may yet fail to address the persistent structural issue at the root of the dearth of available cash for development and production. Smith concludes: *"[…] it is not obvious that such a reform would impact positively on sector sustainability, unless accompanied by other measures with a stricter focus on business growth.*" For its part, the commissioner of this report, British Screen Forum, in a paper published in 2022, called for *"appropriately designed modifications to the tax credits (such as an enhanced rate for films within a particular budget range) should be considered that, if implemented, would provide additional targeted benefits to smaller independent British films."*[60]

C.14. Data and analytics tools as a new horizon for UK film Development

It would be both inaccurate and unfair to ascribe the paucity of financial returns to producers – and the consequent shortage of development cash – merely to the deficiencies or limitations of public sector measures designed to improve their positioning in the revenue

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[59] Ben Roberts (CEO, BFI) speaking at Film London's Production Finance Market on 11th October 2022. See here: https://twitter.com/Film_London/status/1579761347763798016

[60] "UK Screen Sectors: A Prospectus for Growth in an Age of Change," British Screen Forum, July 2022. Found here: https://britishscreenforum.co.uk/wp-content/uploads/2022/07/UK-Screen-Sectors-A-Prospectus-for-Growth-in-an-Age-of-Change.pdf

waterfall. The cash shortage – which affects the entire product cycle of independent film from development to production and distribution – ultimately is the result of the persistent lack of profitability that has undermined the sector for decades and against which no new public sector remedy has proven to be a magic bullet. Some economists point to the exaggerated informality and opacity of the sector's approach to risk assessment and greenlighting process. An area for future improvement of the sector's overall economic performance may well lie in its readiness to embrace new sophisticated data and analytics tools that could help root project selection, budgeting and marketing decisions in more elaborate factors than practitioners' instinct and hunches based on past experience and industry '*received wisdom*.'[61] The applications of analytics tools currently being developed extend to development. For instance, there have been experiments with the use of Natural Language Processing (NLP) to improve narrative structure and emotional tone in scripts in development.[62] Whereas these new tools are now in current use amongst larger film production conglomerates, issues ranging from affordability to resistance to change are slowing down the dissemination of these techniques in the independent sector at large. This is a nascent technology and one whose potential impact on both the economic and cultural aspects of development is well beyond the scope of the present study; it would warrant further research in due course as the application.

[61] *Risk in the Film Business: Known Unknowns*, Michael Franklin (Routledge: London, UK): 2022.

[62] "Leveraging analytics to produce compelling and profitable film content," Ronny Behrens, Natasha Zhang Foutz, Michael Franklin, et al in *Journal of Cultural Economics* 45 (2021, pages 171 – 211). Found here: https://research.gold.ac.uk/id/eprint/28045/1/Producers%20Analytics%20Manuscript%20Accepted%20Draft%20Uncorrected.pdf

D. MEANWHILE IN A METAVERSE FAR, FAR AWAY

GAME'S UNIQUE DEVELOPMENT PARADIGM

D.1. The UK video games industry – a potted history and a current snapshot

Video games is the youngest of the UK's screen entertainment sectors: the rapid transition from the arcade games of old to individual console games began in the mid-to-late 1970s, just over 40 years ago. In the space of those four decades, the business has undergone change on a scale commensurate with the spectacularly high growth in consumer demand and the rapid evolution of digital technologies.

After a pioneering phase in the 1980s, during which barriers to entry into the business and access to its then limited technologies were very low, the nascent industry began to consolidate with the advent of the first console games' market, which resulted in a rapid rise in costs of development and production. In the decades prior to the advent of the Internet, pathways to the market were limited: games were digital files on physical disks or cartridges available in bricks and mortar retail environments only. The 1990s saw the advent of powerful game publishers, some of which chose to vertically integrate into development. Game development and manufacturing costs have since, according to several interviewees, been multiplied by two on average every five years.

Unable to match those larger concerns in spending power, fledgling British independent gaming companies found opportunities pitching for business on games' licenses purchased by the larger integrators from owners of pre-branded character franchises in other segments of the screen entertainment industries (e.g., Disney cartoons). Once they had secured rights, publishers would externalise the manufacturing of some of the game versions to independents, calling for pitches and picking the lowest bidders.

The period from the mid-1990s through the Noughties witnessed the entry of Microsoft and Sony in the global video games' market and the consolidation of game publishers' market power in the UK and US.[63] These companies strengthened their presence upstream, attracting some of the best developers in-house by offering wages independents could not

[63] Sony Playstation launched globally in 1995, Microsoft's Xbox in 2001.

match and developing games based on their own original IP alongside the licensing business. As the technology gained in complexity and sophistication, and as consumer expectations rose alongside what the technology permitted, game development expanded in labour intensification, timelines and attendant costs. Some of the larger publishers added hundreds of developers to their payroll. They also embarked on a spate of M&As, taking controlling stakes in well-performing independents and promising start-ups.

For the companies that maintained independence, survival relied primarily on winning commissions from local and international market leaders. The predominant economic model had publishers covering 100% of costs, treated as an advance on royalties payable to independent companies after recoupment of those costs when the game was commercialised. Average budgets for UK games had by then reached the £2 to £2.5 million mark.

The late 2000s also saw the beginning of a radical shift in game consumption from packaged product to online. The smartphone (iPhone and Android) also began to grow rapidly as a popular mobile gaming destination, with the rapid growth of games designed specifically for it, with app stores as the epicentre. The app-based business model helped bring about a global and diverse ecosystem, also offering more attractive revenue shares to developers. The trend has since accelerated: by 2020, mobile gaming had overtaken both PC and console games to become the leading form of consumer engagement with games. On the one hand, the rapid growth of digital online consumption gave some independents new opportunities to self-distribute. On the other hand, the rising costs of game development and marketing also encouraged further consolidation and the gap in development budgets between independents and the larger integrated developer-publishers continued to widen.

By the late 2010s and extending to present conditions in the early 2020s, digital online storefronts had become very concentrated, especially in the PC games segment, with two behemoths vying for control of the market: Steam and Epic Games Store (EGS). Steam, originally launched in 2004 by the successful game developer Valve, had an estimated 70% share of online gaming sales by 2020, through its branded gaming platform and its online game store. In 2017, Epic, another star developer, launched EGS as a direct competitor to Steam's hegemony. EGS has chosen a high-risk strategy to gain market share: it offers a range of free games to consumers in order to aggregate new accounts and is betting on a proportion of free game users also becoming paying customers for a growing range of retail games also available on the platform.

By 2020, mobile gaming had overtaken both PC and console games to become the leading form of consumer engagement with games.

EGS has also used its financial fire power to offer competitive business terms to games developers: in 2020, the company reportedly spent USD$444 million in advances to developers against exclusive placement on EGS.[64] The company also takes a lower percentage of gross sales – typically 12% as against Steam's 30% cut.

Measured in consumer spend, the video games' industry is now the largest of the UKs digital entertainment sectors. In 2021, the games software sales turnover in the UK market was just short of £4.28 billion, compared to £3.7 billion for video and £1.7 billion for digital music. Data by Ukie for 2021, showed an overall market valuation of £7.16 billion (hardware, software and merchandising combined).[65]

A TIGA survey of 57 UK-based game businesses for the period 2021 – 2022 underlines rising business confidence, with 68% of respondents planning to increase staff during the biennium and 70% seeing the UK as a conducive business environment for game development and production.[66] The UK games sector has also become a focal point for global industry M&As, venture capital, EIS/SEIS enabled and/or straight equity investments and business angels.

Measured in consumer spend, the video games' industry is now the largest of the UKs digital entertainment sectors[…]. Data by Ukie for 2021, showed an overall market valuation of £7.16 billion.

In spite of the encouraging trends, the UK gaming industry remains challenged by structural issues, some of which are the consequences of rapid growth: 40% of the companies in the TIGA survey identified skills shortages and skills gaps as the biggest obstacle to the success of their business (up from 25% in 2021); 19% cited discoverability (down from 36% in 2021); 18% referred to limited access to finance; 7% noted the disruption caused by the pandemic; 4% referred to difficulties accessing games tools, engines and middleware.[67]

[64] Trade press reports in court documents in the *Epic Games Inc v Apple Inc* lawsuit 2021 – 2022. Case: 21-16506, 12/08/2021, ID: 12309816

[65] "UK Consumer Games Market Valuation 2021 – how much money did people in the UK spend on video games?," George Osborn, March 2022. Found here: https://Ukie.org.uk/consumer-games-market-valuation-2021

[66] "TIGA research shows UK video games Industry on Track for Growth in 2022," Suzi Stephenson, January 2022. Found here: https://tiga.org/news/tiga-research-shows-uk-video-games-industry-on-track-for-growth-in-2022

[67] Ibid.

Additionally, UK game developers have to contend with competition on a global scale in a business that reached USD$180.3 billion in sales in 2021[68] and with the lion's share of global turnover now accounted for by the Asian Region. The 2022 acquisition of Activision Blizzard (including its large-scale developer subsidiary Blizzard Entertainment and social game specialist King) by Microsoft for USD$68.7 billion broke almost all historic records for such transactions in the media and entertainment space. It is the most high-profile deal in what has been a sustained wave of mergers and acquisitions which are leading to a consolidation of global market power in a small number of giant concerns integrating both horizontally (consoles, PC, mobile) and vertically (development and publishing) as well as jostling for position in the incoming opportunities in AR and the Metaverse. On the one hand, these seismic changes in the games marketplace offer opportunities for a UK games sector where small scale independent developers are still predominant. On the other hand, the lack of scale may leave the UK industry vulnerable in the global challenge to generate and retain valuable IP over this increasingly global form of screen entertainment.

D.2. The porous boundary between development and production

Although it has some recognisable features in common with film and TV, the games' conception-to-production timeline and the development methodologies involved, are also fundamentally different in a number of ways. This is due to the unique morphology of gaming. In particular:

- The boundaries between what pertains to the different stages of development, pre-production and production, are more porous than they are in film and TV, where these stages are almost entirely linear. For instance, some of the assets prepared by a gaming company as part of a pitch deck conceived initially to attract further investment in a particular game, may be redeployed or built upon at a stage when the project is greenlit and moves to full production. In far more limited ways, this is also true of screenplays, for example features of previous drafts being retained in a final shooting script. However, unlike with a film script, which is no more than a textual template to guide the production of images and sounds, gaming assets used for pitching purposes may be retained and seamlessly improved upon, to be integrated into final game production elements – consequently, the boundary between the sunk costs that pertain specifically to development and the fixed costs that pertain to production itself, are considerably blurrier than they would be in film or TV.

- The relatively seamless articulation between development and production in gaming is reflected in the sector's vocabulary: a game 'developer' is effectively a company involved in all aspects of the game development and production cycles, which include all the stages from the original ideation to the production of early artwork and sketches, all the way to the final product and, in some case, the handling of direct-to-consumer

[68] "The Future of Content – Special Report," *Variety Intelligence Platform*, April 2022. Found here: https://read-vip.variety.com/html5/reader/production/default.aspx?pubname=&edid=bb74c368-713c-4708-bdd5-0f2601df0388

commercialisation. In film and TV terms, a game developer is, arguably, both a development producer and a producer.

- The blurring of lines is compounded by the fact that a growing range of games available on consoles, PCs, mobile or online, are living games to whose features and playability developers are constantly adding new features within existing versions, with users able to install updates on an ongoing basis, in a 'live service game' proposition:[69] the world's most successful blockbuster game, *Grand Theft Auto*, last published a new version – *GTA5* – in 2013. However, Rockstar, the company behind the *GTA* franchise, have since introduced a wide range of additional features to the game, without a new version being formally launched – successful games thus often continue to develop new features in a continuum covering the life span of the product.

The boundaries between what pertains to the different stages of development, pre-production and production, are more porous [in games] than they are in film and TV.

- The live service game concept and its translation into creative and business practice by gaming companies also means that ongoing improvements of one branded version of a game become part of the development of what may eventually become a new published version. Again, there are some slim similarities here with, say film sequels, prequels or returning series in TV. However, while these generally will require new, separate processes (e.g., budgeting, casting, screenwriting, financing), a new version of a game can be gestated by the same core creative and tech teams in a gaming company through live add-ons and improvements in a more seamless and integrated fashion. These live added features also entail a live gamers' community feedback loop that is unavailable in the more rigidly linear cycle of development-production-commercialisation in film and TV.[70]

- As with TV series development, the pitching standard for games has become progressively more sophisticated, with attendant impacts on fronted costs. Back in the 1980s, a few screenshots and/or drawing, combined with a short textual description of

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[69] 'Games as a Service' is the formal terminology used to describe this model. These added features may qualify for the Video Game Tax Credit providing the development company still qualifies under the UK cultural test.

[70] In recognition of the importance of this factor, many games companies have community management teams, while third party community platforms such as Twitch and Discord fulfil a very important function in the games ecosystem and culture.

the game's concept and intended features would have sufficed for a submission to potential investors. Today, leading independents say the process of getting a game from original ideation to assembling a full pitch deck can take several months and employ several staff on a full-time basis.

- Inflation in development costs for UK games is partly cushioned by another distinguishing feature of game development as compared to similar processes in film and TV: many of the technology tools used by game companies are available for free. Game programming tools with large pre-built libraires of digital assets are thus accessible by the entire sector and used widely by companies both large and small. In a survey of 500 staff in US game development companies, the software firm Perforce asked which game engines were favoured: 45% of respondents used Unreal Engine and 33% Unity.[71] Both of these engines are open source, and free access to those helps lower the initial cost barriers to access to game development; the mutualisation of those tools only appears to contradict the perception of the games industry as the screen sectors' most competitive segment. In reality, lower access barriers only mean that competitiveness is concentrated further down the games development timeline, where raising substantial resources required to meet the increasingly high-end production standards remains a tall order for many of the smaller independents and start-ups. There are mitigating factors, however: given the sheer diversity in the games marketplace, not all developers feel compelled to compete in the AAA segment. There are many examples of successful smaller developers finding lucrative niches in AA games or simpler games that are meant to be played not as live service propositions.

A new version of a game can be gestated by the same core creative and tech teams in a gaming company through live add-ons and improvements in a more seamless and integrated fashion.

D.3. A layman's outline of development processes in games

Attempting to separate out development products from production assets in gaming is conceptually perilous: this is due to the porous boundaries between the different stages, as discussed above. Additionally, the standard of pitching materials required of developers in order to obtain investment for a discernible development stage depends on a range of

[71] "The State of Game Development Report: 2020 & Beyond," Perforce. Found here: https://www.perforce.com/resources/vcs/game-development-report-2020

factors, such as whether they are pitching to a publisher or venture capitalist for the first time and at an early stage, or if they are meeting a certain milestone as part of an already agreed first development funding round or, again, if they are looking to self-publish versus getting a publisher to commercialise the finished game, etc.

The typology of development stages/products below should be read therefore not as a set formula but, rather, as indicative of intermediary stages that game development may entail, knowing that considerable variations occur:

- A game will start its development cycle with an 'ideation.' In a games industry context, the ideation process is far more than merely coming with a broad concept for a game: the initial creative idea may be enriched by early discussions of the specific gaming features and functionalities required and insights into the game engineering implementing the game's vision will require. These early elements will then be fleshed out in a game design document that the company will use to produce elements of a pitch deck for investors.

- The game design document will typically contain some early artwork and embryonic game mechanics, indications of the genre, the characters arcs and storylines and world design. It may also contain thoughts about the game's future positioning in the marketplace and how the developers envisage monetising the game.

- The development process may then move to the production of an early prototype. This basic elaboration of the game will contain elements of future user experience, with limited playability; the purpose is to test the game's concept against how it works in practice.

- Not all prototypes are used as part of development pitches to investors: in a competitive climate, this type of intermediary development output may not be sufficiently polished to serve as a convincing shop window for raising development cash ('development' here meaning, effectively, production). Larger UK independents may use the prototype internally as an intermediary stage in checking that the game's vision is implementable.

- Other intermediary game development products may include an initial player build or a minimum viable product. Although these go further in functionality, playability and detail than the standard prototype, they may still stay within the development team, being used to test the game concept further for the purpose of ironing out some tech challenges and other issues

- An approach to potential investors may require both a pitching deck, presenting the overall concept and vision for the game, as well as a vertical slice, which acts as a proof of concept, designed to reassure investors that the game vision is fully implementable.[72]

[72] Due to the lack of clear nomenclature in the sector, the vertical slice and the minimum viable product are sometimes used to describe the same intermediary product

- In today's highly competitive gaming sector, the vertical slice, though not always used for pitching purposes, appears to be the gold standard and the product at the border between development and pre-production.

- A vertical slice consists in a fully playable section of the final game. It is designed therefore to give investors a vivid sense of what the final user experience will be and the quality and playability standard the finished game will be aiming for.

- Although interviewees converged on the importance of the vertical slice, they also point out that not all games' development and production cycles follow this standard. For instance, mobile games, which address a different market and generally cost considerably less to develop and make than AAA or console games, may have different pitching standards and follow lighter development protocols.

- One interviewee, a leading UK independent with steady cash-flow from several successful games, says the development process in games is closer to the animation model in film than live action. It is generally carried out by core salaried teams, with freelancers added to the mix once the game is in full production. For accounting and financial planning purposes, his company uses employee time sheets to calculate the human resources costs at development stage, adding a set percentage for company overhead. The budgeting relies on three key parameters: the scope of the project, the anticipated timeline and the number of person/hours.

D.4. Access to cash and development capital

The attendant costs of meeting the current pitching standard can be typically between £50,000 and £100,000 or more, (compared £1,000 or less in the early 1980s). Additionally, overall development costs have risen sharply in the past decade. Interviewees estimate that the majority of investors are no longer coming in on cheaper games. Minimum investment begins typically at the £1.5 to £2 million mark.

In a context of rising costs and intensifying competition, UK gaming companies are able to call on a range of resources. These include both public sector measures and private sector investments:

- The Department for Digital, Culture, Media and Sports (DCMS) supports the non-profit UK Games Fund.[73] The fund awards non-refundable grants of up to £25,000 towards the costs of producing game prototypes, to projects pitched by developers. Although the grants are welcome, the £25,000 ceiling is increasingly at odds with the rising real costs of producing these elements and certainly won't approach the cost base required for a vertical slice.

[73] UK Games Fund launched in 2015. In February 2022, DCMS announced a grant-in-aid commitment of a further £8 million over three years to the Fund as well as the annual game development enterprise competition Transfuzer.

- The UK games sector also benefits from the Video Games Tax Relief (VGTR). The VGTR provides a 20% offset of games' production costs and is a popular risk-sharing mechanism for the sector. Although VGTR is strictly available for qualifying game **production** costs only, the porous boundary between development and production in the game product cycle is also reflected partly in the costs that HMRC will allow. These may include pre-production elements (e.g., visuals and functional game segments that may have been used as part of development and pitches to investors then improved into full game final production). After some adjustments over time, HMRC will normally allow additional features in games as a service to qualify as production costs under the VGTR, so long as these pass the cultural test.

- UK interviewees observe that independent games companies may be currently performing better than their film and TV counterparts in access to corporate investment and private equity. This translates into greater opportunities to attract cash for development. Additional to the fact that they operate in a fast-growth sector, these businesses often have certain competitive advantages that distinguish them from film and TV in particular:

    - Most games' development and production are undertaken within limited companies, in contrast to the film industry's use of temporary SPVs that are used for the execution of multi-party financing agreements and are folded after the film has been commercialised.

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    - Game development work is also more often led by employees on PAYE contracts instead of self-employed freelancers. The relative stability may be reassuring from a potential investor's perspective. Additionally, it makes it easier for games companies to qualify for EIS or SEIS-backed investments under the 'risk-to-capital' criteria used by HMRC since 2017, as such investments may more easily be directed towards expenditure that qualifies as having a core business growth focus (e.g., new salaried employees). This contrasts with the film and TV industry where freelance, project-related employment remains the norm.

    - Successful games sometimes have a longer than average shelf life than most film or TV companies: some independent UK companies have game franchises that have been running for a decade or more, with in-game add-ons and updates maintaining their freshness and competitiveness by responding to consumer feedback – games that perform in this extended timeline can be treated as long-term live assets in the balance sheet, instead of following standard amortisation, with a write-off after five years. "*We have games that keep earning substantial income 20 years on from launch, even at lower price points*" says one interviewee. Again, this contrasts with most independent film and TV production companies, where such assets are either not extant (e.g., rights have been vested in the financiers) or have been written off on a shorter time scale.

- Assets developed for a particular game that fails to reach completion will be more easily recyclable into other games developed by the same company – this effect is only intermittently present in film and TV where a screenplay for an unmade project may be picked up again, with new cast and/or director and financiers attached. However, a script remains only a textual template, whereas game development characters, settings and features prepared for a cancelled game can be re-integrated in the body of a new game.

- Contemporary gaming companies are often proving more versatile and aggressive than their film and TV counterparts in imagining ancillary and merchandising opportunities that may stem from an original game concept. One start-up interviewee who had just closed a deal with a venture capitalist for a six-figure investment said his pitch had hinged on constructing an entire IP edifice around the first game developed by the company, to include merchandise, an animation series and a comics' spin-off. Ukie data estimate that 2021 UK consumer spend on game-related toys and merchandising was £159 million, while total spend on 'game culture' (comics, toys, other merchandise) increased by 13.8% from the previous year. The buoyancy of these ancillary markets presents investors with potentially improved return on investment.

Successful games sometimes have a longer average shelf life than most film or TV: some independent UK companies have game franchises that have been running for a decade or more, with in-game add-ons and updates maintaining their freshness and competitiveness by responding to consumer feedback.

- As new players enter the highly-concentrated games' publishing market, there are fresh opportunities for successful UK gaming companies to attract substantial advances: for example, in its bid to compete with global market leader Steam, its closest rival, Epic Games Store has been putting up eight figure sums for exclusive retail placement on the EGS platform and storefront – some UK companies have been amongst the beneficiaries – however, these deals tend to be available only to companies with an existing track-record in producing successful games, or start-ups with experienced principals and cutting-edge game concepts.

- UK games companies have also performed well in raising crowd-finance.

- These advantages are in part offset by some risk factors:

  - The costs of 'developing' a new game to completion tend to be significantly more elastic than they would be for film and TV production, where elasticity, such as there is, is normally limited to a thin contingency in the agreed budget. Interviewees variously estimated the time from original idea to a game being ready for market launch at between 3 to 5 years. During this extended timeline, technology issues may emerge that will require additional time, translating into additional staff costs or the use of freelance input. At that point, the developer and their investor(s) may be faced with tough choices as to whether to cover the additional risk or write the project off.

  - One interviewee described how his start-up made the decision to write-off its first game project towards the tail end of post-production. The setback came after 7 years in development. In order to be delivered to the initial ambitions, the game would have required an additional two years' production cycle and the assembly of a 'live ops' team in order to ensure that this 'live service' game met consumer expectation. The market had evolved considerably in the 7 years' time frame and the company was no longer confident the game would aggregate a sufficient critical mass of live players to justify the additional production risk. The impact of the write-off was cushioned in part by some of the costs having been qualified for the UK Video Games Tax Relief and the fact that the company was able to recycle some of the cancelled game's assets into the development of a new game.

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  - It is theoretically easier for even smaller or mid-size game companies to self-distribute without going through a large publisher. In theory also, this should be good news for venture capitalists and private equity as the removal of a middle-man tier may convert into faster revenue-generation for the gaming company. However, the high level of concentration in the retail market for games often limits the reach and visibility of new launches. Anyone can effectively list a new game on larger publisher-platforms such as Steam; however, the process is often automated and the content un-curated. It is therefore all too easy in such circumstances for a new game to slip into the long tail early. An independent game aiming to achieve good discoverability will often have no other choice than to attract a large publisher able to use their selling power to achieve more competitive storefront placement and discoverability.

E. THROUGH A GLASS, DARKLY

FILM AND TV – THE CHALLENGE OF ACCESS TO CAPITAL

E.1. Access to working capital: an asymmetric picture

The asymmetric distribution of opportunities in access to development finance is perhaps at its most glaring in the different challenges faced by each of the three sectors (film, TV and games) in raising private sector corporate finance. Because this type of capital often serves to build a company's long-term capability and competitiveness, it also has a direct bearing on its ability to finance the projects on its development slate.

E.2. Global consolidation in screen entertainment is bringing new media-related investment into the UK development base

A diverse range of UK independent production companies oriented primarily towards drama series for UK PSBs and global streaming platforms and towards factual shows have been very successful in attracting trade-related investment from larger international integrators operating in the business of audiovisual content packaging and distribution for the global content distribution marketplace.

By the end of 2021, All3Media had holdings in 16 UK production companies that together generated £555 million in annual production turnover. The French conglomerate Banijay had stakes in a comparable number of companies, with combined production turnover at £476.9 million in 2021. Sony currently has a diverse portfolio of investments in TV-facing UK independents which include Bad Wolf and Left Bank Pictures; Studiocanal, the vertically-integrated European studio owned by French pay-TV group Canal+, also has holdings in leading UK companies, including Red Productions and Urban Myths. Other UK production companies have foregone their independent status and allowed broadcasters into their capital. ITV Group listed stakes in 24 UK production and service companies in the first quarter of 2022, with stakes as diverse as Monumental Pictures, Mammoth Screen and Silverprint. The UK commercial PSB's mutation from a service primarily focused on the domestic broadcast consumer to an international content powerhouse is symptomatic of the wider wave of consolidations taking place in the screen entertainment sphere globally. The trend is giving rise to unprecedented new opportunities for UK production companies with track-records of successful broadcast and/or streamer shows and access to talent, to finance their development through media-related corporate investments.

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Feature film production remains the most vulnerable sector of the UK screen industries in its access to venture capital and corporate investment in general. Independent film companies generally have poor cash flow and a lack of assets that could be used to leverage corporate financing to support cash-flow development costs.

E.3. TV – the historic advantage of regulation

In the consideration of prospects for raising working capital for development, an important advantage of TV production companies over those in the film sector has been the highly regulated nature of the UK TV business.

Television production was historically characterised by high concentration, with only four or five UK broadcasting organisations (including pay-TV) able to commission or purchase significant volumes of development projects. This concentration of gatekeeper power in the marketplace gave rise to the need for market regulation: it began in the mid-1980s with the introduction of a 25% quota of independent production imposed by Statutory Order on BBC and ITV. This measure went some of the way towards resolving the issue of access to scarce linear broadcast schedule time. The measure gave the fast-rising number of independent production companies a choice of broadcast market outlets other than Channel 4 as the UK's only 'publisher-broadcaster.'

Terms of trade between independent producers and broadcasters were initially modelled on Channel 4's controversial 'cost+' formula whereby the channel would expect to have ownership of all rights, including secondary domestic and foreign rights to a commissioned programme, against financing 100% of the agreed budget, including a production fee expressed as a set percentage of budget (12.5%, typically). Funding for development was also cash-flowed by the channel and linked directly to specific projects, thereby limiting most production companies in their ability to develop larger slates. This model was successfully challenged by PACT in the years following the introduction of the 25% quota. PACT's lobbying resulted in a requirement laid out in the 2003 Communications Act for broadcasters to issue transparent Codes of Practice, on the understanding that they would no longer have a presumption of entitlement to rights other than those necessary to run their primary television services, no matter what proportion of a production budget their license fee covered. According to PACT, *"This [the Communications Act 2003] has enabled independent producers to retain their intellectual property (IP) rights […]. It has been a catalyst for the sector to use their asset value to grow their businesses."*

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Retention of rights was therefore, to a degree, mandated. It created a virtuous circle with emerging so-called 'super-indies' in the Noughties becoming able to attract media-related investments or capitalise themselves, by leveraging their catalogues as assets. In turn, these companies were able to better finance their own development and thus improve their bargaining positions on the retention of rights to new productions. Although the majority of the UK's TV-facing independent production companies remain challenged by under-capitalisation, especially in certain specialist segments of the market (e.g., children, animation), many companies have seen their profiles enhanced in the general competition to raise capital. Another factor making TV companies more competitive in the venture capital and media-related investment spaces, has been the dramatic increase in demand for TV-formatted UK-produced content, driven by the spectacular rise of online platforms as direct competitors to the established free-to-air and pay-TV operators.

E.4. The Lottery film franchises – a failed experiment in structured corporate financing

Film, by contrast, has not benefitted from any regulatory intervention of the kind that might have facilitated a stronger performance from UK film companies in retaining IP rights and building assets through the constitution of catalogues. And deteriorating global marketplace factors affecting British independent feature films could made access to risk capital that may have helped underwrite larger, more ambitious feature film development slates more challenging than ever.

Arguably, the only time in past decades when the UK film industry attempted a substantial injection of working capital was during the experiment with the so-called Lottery film franchises, which ran from 1997 to 2003. After an efficient campaign by industry luminaries, the Arts Council awarded Lottery funds totalling USD$64 million over 6 years to three winning bids: the French-owned Pathé, the Film Consortium and DNA.

It is a matter of consensus today that the experiment failed to live up to expectations. Many structural market factors accounted for the lack of success in building sustainable, integrated film businesses, primarily the challenge for domestic British feature film production to access the global marketplace and amortise investments. Ironically, this challenge may have been amplified by the added financing available through the Lottery funding system, which fuelled a sizeable inflation of production costs.

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There were also cultural factors at play. Amongst those was the fact that the professional skillsets of the winning teams, albeit of the best standard, did not generally include sufficient prior experience in managing and processing multiple projects on the extended development slates the franchises planned to bring into production. Management teams in the franchises were mostly led by seasoned independent producers whose grounding was in individual projects; the sudden requirement to generate a substantially higher throughput hit against the limitations of skills that befitted the long-held cottage industry model and were out of sync with the 'mini-studio' requirements of the franchises. The development apparatus of the franchises simply did not seem to be capable of keeping up in a system that had been conceived with an almost exclusive focus on production. Two interviewees with direct experience of working for a Lottery franchise also remember that the Government's requirement that they should respond to all project submissions from third parties further hobbled their development. In his 2018 book *Stairways to Heaven – the Rebuilding of the British Film Industry*, journalist Geoffrey Macnab quotes the producer Andrea Calderwood, who had held the post of head of production in the franchise led by Pathé: "*None of the franchisees acknowledged how long it takes to go from idea to screen. They all should have said they might not make anything for the first two years* […]."[74] Another factor behind the lack of success may have been a miscalculation as to the scale required to operate a studio-style film company: relative to the Hollywood studios, the franchises were drastically underpowered. The failure of Film4's ambition to create an autonomous film

[74] *Stairways to Heaven – Rebuilding the British Film Industry*, Geoffrey Macnab (I.B. Tauris & Co Ltd, London): 2018

studio in 2002 also attests to the fact that the sheer lack of scale will hamper companies with such ambitions, regardless of the quality of individual projects.

In the ensuing years, the UK film business, outside the thriving service sector oriented primarily towards US studios' and streamers' productions, has been returning to the cottage industry model, with attendant project-by-project, hand-to-mouth modes of raising development finance. A relatively small number of companies with original business models – for example, vertical integration into international sales or horizontal integration into TV production – are achieving a measure of corporate financial sustainability and/or are able to attract strategic investment from media companies. The majority, however, remain smaller units whose financing is linked directly to resources raised on a project-by-project basis. Though it is undoubtedly dynamic in creative terms, this atomised structure, with a large number of small, under-capitalised companies, has made the film sector more vulnerable to the structural changes that have shaken the industry over the past decade: a 2017 Olsberg•SPI report for PACT found there had been a decline of around 50% in the market value of UK independent films since 2007.[75]

E.5. Structural and cultural impediments to corporate funding

Two consecutive Northern Alliance studies of corporate finance in small and medium-size companies ('SMEs') in the UK film industry in 2009 and 2014 found evidence that the sector suffers from a persistent '*equity gap*.'[76] In essence, the reports note, SMEs in the business often fall between two stools: whilst their needs in capital exceed the reach of most business angels, they tend to also be too modest to trigger the interest of venture capitalists, whose investments tend to start in the upper £2 million range. These findings are corroborated by interviews for the present study.

Corporate investors also see film and TV content companies increasingly as very distinct businesses and whereas the latter offers more stable market prospects, especially since the onset of the UK streamer-led demand boom, the former is seen increasingly as too high-risk, given the uncertainties around project financing and revenue generation. One financier interviewed for this study put it in blunt terms: *"We would never invest in film-only companies. No such business ever gets sold."*

Another factor frequently identified by financiers in the equity and venture capital sectors is what they see as producers' problematic single focus on specific project development and production financing over the more strategic objective of growing a sustainable content company. Many UK independent producers are by necessity driven by single project funding

[75] "The State of the UK Independent Film Sector," Olsberg•SPI (a study for PACT), April 2017. Found here: https://www.o-spi.com/s/The-State-of-the-UK-Independent-Film-Sector.pdf
[76] "Analysis of the corporate finance of SMEs in the UK film industry," Northern Alliance (a report for the UK Film Council, October 2009. Found here: https://www2.bfi.org.uk/sites/bfi.org.uk/files/downloads/uk-film-council-analysis-of-the-corporate-finance-of-smes-in-the-uk-film-industry.pdf
"The Corporate Finance of SMEs in the UK Film Industry," Northern Alliance (a report for BFI), October 2014 Found here: https://stephenfollows.com/wp-content/uploads/2017/12/Corporate-Finance-of-SMEs-2014.pdf

due to the fact that production is the time when the fees on which their companies depend to stay afloat, are cash-flowed. On the other hand, corporate financiers expect to finance structured mid-term business plans, a discipline in which the independent production business lacks core competencies.

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The valuation of assets in UK film and TV is also hampered by the opacity and informality of risk assessment. Whereas streamers and broadcasters generate and utilise sophisticated data, very little of it filters through to the independent production sector, where largely intuitive and informal methods for assessing risk remain predominant. A 2018 Report on risk management in the UK film sector by the Institute for Creative and Cultural Entrepreneurship at Goldsmith University describes the sector's approach to risk assessment and management as "*explicitly non-scientific.*" The study references such informal film and TV production practices as revenue forecasting, and "*the role of experience, trusted partners and the ability to capitalise on opportunity*" as some of the industry's intuitive forms of risk management.[77] Though they have been tried and tested to a degree the business itself can live with comfortably, such methods of assessing risk are poorly matched with the cultures and methods of the institutional and corporate financing markets, where risk assessment makes empirically-based projections.

E.6. Changes to EIS and SEIS tax schemes – new opportunities for core development funding

Another present factor in access to private capital that may be used to support development, is the impact of recent regulatory change affecting two tax shelter structures known as the Enterprise Investment Scheme (EIS) and the Seed Enterprise Investment Scheme (SEIS).

Since their introduction in 1994, these reliefs had proved popular vehicles to raise private equity, for film production in particular. SEIS offered investors a 50% rate of tax relief on up

[77] "Examining the understanding and management of risk in the film industry – A Research Synopsis," Dr. M Franklin, 2018. Found here: https://www.gold.ac.uk/media/documents-by-section/departments/icce/20180016_research_take-away_independent_film_sector_DSGN_TL_v8.pdf

to £100,000 per annum for each individual investment, whilst EIS covered investments above the SEIS ceiling, with a 30% upfront tax relief. Investors in either scheme could look forward to several reliefs, including the automatic reduction of tax liability, loss relief in the event of failure of the company they'd invested in and capital gain tax forgiveness on earnings from shares. Conditions included the obligation for investors to hold qualifying shares for no less than three years and any profit generated within those three years would be exempt from capital gain tax if re-invested in an SEIS.

In the run-up to the 2017 Treasury 'Patient Capital Review' (PCR), the film industry had been under particular scrutiny for some years. Treasury and HMRC looked unfavourably on the fact that the majority of EIS and SEIS based transactions were conducted through SPVs (special purpose vehicles) as temporary companies created for the sole purpose of financing a specific film with (in the view of HMRC) no genuine risk to investors. The project-specific uses of EIS had been compounded further by the use of tiered multi-company EIS for single projects, enabling investors to circumvent the capital limits intended by the EIS rules. By the time the PCR was launched, HMRC had already begun to introduce restrictions in a bid to prevent what they construed as the further misuse of these reliefs.

The PCR resulted in formalised changes to SEIS and EIS, with immediate impact on the use of the reliefs as vehicles for financing film productions. At the core of the reform was Treasury's introduction of a new 'risk to capital' criteria which came into effect in March 2018. The criteria is meant to clarify the original purpose of both tax shelters as incentivising the long-term growth of companies with sustainable business plans. HMRC now insists on evidence that companies applying for the relief should have detailed business plans and long-term growth objectives and are not in existence for the sole purpose of enabling the upfront tax relief and the production of single films or a limited slate of films.

HMRC has the power to issue 'advance assurances' to investment companies applying for EIS or SEIS reliefs under the new criteria. These advance assurances have often proven difficult to obtain for film and TV investors since the regulatory change took effect, resulting in several leading one-stop-shop financiers winding up their film-oriented EIS and SEIS portfolios. Several of these leading investors have also criticised what they see as the HMRC's frequently restrictive and inconsistent interpretation of the new rules. One interviewee described HMRC's performance as one of *"risible inconsistency."* In a recent tax tribunal case, opposing a film producer, Inferno Films, to HMRC, the judge found that the Revenue's interpretation of the risk-to-capital test had been unreasonably detached from the economic strictures under which small and newly-founded film production companies operated. The HMRC's case hinged on its contention that the company had been set up to handle 'single projects' only, which they saw as antithetical to any intention to grow a sustainable business in the long run. However, the appellant in the case successfully argued that "*the only way to build a long-term business [in film] was from small beginnings.*" The judge agreed that "*the Appellant did not have (and could not sensibly raise) the money to make more than one film at a time*" and that it was therefore not realistic of HMRC to dismiss the company as being set up for a single project "*simply because that was the only realistic* *starting point for it.*"[78] Since the judgment of a first-tier tribunal is not binding and does not constitute jurisprudence, it is unlikely that the case will necessarily result in HMRC advance assurances becoming more attuned to the realities of film production businesses. Equally uncertain is whether or not the result of a Treasury call for evidence on the capital markets in the spring of 2022 may lead to helpful clarifications on the use of EIS and SEIS by the sector.

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Despite the withdrawal by some leading firms and the resultant impact on production project finance, the change in EIS/SEIS activity over time is likely to drive new business around the use of reliefs as genuine forms of corporate finance. As one interviewee, an experienced film financier, puts it: "*We used to pitch on portfolios of projects; now we pitch on portfolios of companies.*"

Stargrove Pictures is a company that sources film, TV and gaming sectors' EIS and SEIS backed investments for Calculus Capital Limited. The venture has received the endorsement of the BFI. The institutional branding is a mark of trust in the track record of the companies and may prove helpful when pitching new investments at HMRC when seeking an advance assurance. Together, the companies closed investments in seven UK content production companies between 2020 and the first quarter 2022. The profile of the companies fits the new requirements for EIS/SEIS approval quite rigorously. They include Wonderhood Studios, a venture launched by former Channel 4 CEO David Abraham; Colin Firth's Raindog Films; Trudi Styler's Maven Screen; and seasoned producer Gaby Tanner's Brouhaha Entertainment. These are companies led by principals who have demonstrated strong access and packaging power and are well positioned to deliver on the high-output and high-growth criteria Stargrove operates under.[79]

Great Point Media, also an experienced player in the old EIS/SEIS marketplace, raised a new EIS fund, Great Point Ventures EIS in 2019. The new venture made investments in five UK independent production companies between 2019 and 2020. The small portfolio is

[78] *Inferno Films and The Commissioner for HMRC* – case Number TC08472, heard in the First-Tier Tribunal Tax Chamber before Judge Kevin Poole on 17.02.2022; Judgment date: 21 April 2022

[79] "What impact is the BFI-endorsed Creative Content EIS Fund having on the UK film production sector?," Geoffrey Macnab, *ScreenDaily*, 18 July 2022. Found here: https://www.screendaily.com/features/what-impact-is-the-bfi-endorsed-creative-content-eis-fund-having-on-the-uk-film-production-sector/5172625.article

dominated by companies that – though small scale – are led by executives with proven track records in developing and producing successful content.[80]

Under the new [EIS and SEIS] equation, the companies less likely to attract investment are those that are active in the film business only and with insufficient track-record and/or access to talent and gatekeepers.

Whilst British Screen Forum[81] and other industry organisations agreed with the Treasury that the risk to capital requirement was a welcome adjustment to EIS/SEIS, concerns remain, four years after the Patient Capital Review, that its interpretation by HMRC may unintentionally result in those new emergent businesses most in need of this corporate investment incentive, being in effect shut out of it.

However, the new focus has not resulted in the extinction of opportunities for development financing. In fact, it seems to have opened up opportunities for a more strategic approach to development funding overall. It is quite feasible today for EIS-enabled investments to attach to development as a core company activity across a slate of projects rather than individual ones. One company that raised new EIS financing recently was able to have HMRC advance assurance on a business plan that ascribed fully 50% of the EIS investment to development-related overhead costs. These included staff positions dedicated to development as well as development spend, including itemised expenditure on treatments and scripts. HMRC now also recognise long-term freelance hires to add to development capability (e.g., script editors) as allowable in some cases.

Ultimately, the ability to clear the risk to capital hurdle does not rest on these specifics so much as whether or not these costs are adjuncts to a commitment to growing sustainable audiovisual content companies with long-term visions and viable business plans. More time is needed to assess the extent to which the new-fangled tax structures will represent a genuine source of development funding for UK production; many production SMEs are not able to present business plans with strong growth prospects, which may limit their ability to avail themselves of this opportunity.

[80] Little Door, Seven Seas Films, Camden Productions, Rabbit Track Pictures, Factual Fiction. See the Great Point Venture Capital website for profiles and investment rationales on these companies: https://www.greatpointmedia.com/venture-capital/

[81] Named the British Screen Advisory Council (BSAC) at the time of the Patient Capital Review

E.7. UK Global Screen Fund – International Business Development strand – a new source of institutional funding

A new additional source of public sector corporate capital is the recently-created International Business Development strand of the Global Screen Fund (GSF), administered by the British Film Institute from a grant-in-aid budget supervised by the Department of Digital, Culture, Media and Sports (DCMS). After a Pilot phase launched in the Spring 2021, with a £7 million budget, GSF received a multi-year settlement from the Government, amounting to £21 million over the next three years.

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Amongst the stated objectives of the GSF's International Business Development are "*assisting companies aiming to develop a strong presence in the international marketplace,*" "*supporting the creation of new business partnerships and alliances*" and "*in establishing targeted development, production, sales, distribution and marketing strategies which exploit new opportunities in the global digital and online realm.*" Unlike the GSF's other two strands, which are focused on individual film projects (co-productions and international sales), the Business Development strand's ambition is effectively to give a range of UK screen industry SMEs more options to retain ownership of the IP they develop and produce. The strategic expectation is that this injection of public sector 'venture capital' will improve the odds of these companies becoming self-sustainable by controlling and enhancing the commercialisation of their content assets and thus generating more revenue. Original grants during the Pilot phase in 2021 – 2022, have ranged from £50,000 to £117,600 for a three-year period.

At the time of writing, the International Business Development strand had so far only awarded grants as part of the GSF's pilot year, which effectively began in mid-2021. It is too early to assess the impact of this public sector source of working capital on the recipient companies' international performance and on their ability to leverage additional development resources as a means of improving IP creation and ownership. The fact that it was by far the most subscribed of the GSF's three strands is symptomatic of persistent market failure in the financing of development activities amongst SMEs in the UK screen sectors. By aiming the funding at the recipients' development base, BFI and DCMS are hoping to help them manoeuvre themselves into a stronger position when negotiating with third parties on the retention of rights in new projects and achieving more control of revenues from the international commercialisation of their content. Only time, and clear data, will demonstrate whether this strategy has proved effective.

F. GREAT EXPECTATIONS

FILM AND TV – THE CHALLENGES OF EARLY DEVELOPMENT

Many of the screenwriters and directors interviewed for this study are concerned that current practice in early development results in the inefficient use of their skills and experience. Their concerns are also echoed by several producers.

These interviewees recognise that the standard requirement that projects be already attached to a producer in order to qualify for public sector funding or to raise interest from private sector sources, has some practical merit, given the importance of ensuring that development doesn't take place in a separate space that is detached from the marketplace. However, there is broad concern that insufficient attention is being paid to the earlier stages, (roughly speaking, the space between an idea and a completed first draft script).

According to the Writers Guild of Great Britain (WGGB), opportunities for writers new to the UK film and TV industry to develop their craft are shrinking, in spite – or perhaps because – of the growth in production output. The sheer demand for new content is creating a pressure cooker environment in which projects are either dropped too early or bought out by producers before the writers have had a chance to consolidate their work. WGGB's feedback from many of its members draws a picture of an environment in which, all too frequently, work is being optioned at treatment stage, before a single word of a draft script has been produced, with the original writer not given any further opportunity to participate in the next stage of development. "*You've got to sell it before you've even done it,*" says a WGGB executive, tersely summarising the issue. The concern is that – over the long run – a rushed early development pipeline will foster a generation of writers who will have been pushed up the career ladder too fast and too soon, with too few opportunities to make mistakes and to hone their skills. The question being asked is: are the short-term responses dictated by the current production boom going to create quality control issues that will prove problematic to the industry further down the line?

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The frustration over what many writers see as an inefficient use of their skills and talent is not confined to the UK. As part of the research for this study, we looked for elements of comparison abroad: this briefing on the homepage of the campaigning website Fund Screenwriting Canada succinctly articulates the early development double-bind many UK screenwriters also identify with: "*Many of us in the film community are familiar with applying for grants, including development for a script. More often than not, in order to even apply for these grants, […] a writer has to attach the project to a producer – and then the producer has to apply for funding. This makes it difficult, particularly for an emerging writer, to make a commitment to a producer, or even get access to a producer, when the script is still in a fledgling state.*"

A related concern is that insufficient time and financial resources at the very early stages of development is working against the industry's best efforts to introduce genuine diversity by enabling new original screenwriting voices to emerge, sheltered from the immediacy of market demand. The context matters, here, as the public sector agencies and the industry are making commitments to greater diversity in all parts of the ecosystem, including in the all-important tier of executives with the power to give new projects the greenlight. The adoption of the BFI Diversity standard, in particular, is an important step towards the empowerment of talent and business leadership from all minorities in terms of ethnicity, gender, sexual orientation, age and disabilities, as well as a more diverse range of socio-economic backgrounds. A recent report by the Policy and Evidence Centre on inequalities in the UK screen industries produced survey data showing that only 25% of people working in screen industries were of working-class origins, whilst 53% were classed as from a "*privileged*" background.[82]

Built-in bias is slow to change, however. Several interviewees for the present study, working as screenwriters, story and script editors, and producers, expressed concerns that the

[82] "Screened Out – Tackling class inequality in the UK Screen Industries," Heather Carey, Dave O Brien and Olivia Gable, Policy Review Series in the Creative Industries Paper n0.02, April 2021. Found here: https://cdn2.assets-servd.host/creative-pec/production/assets/publications/PEC-and-ScreenSkills-report-Screened-Out-FINAL-April-2021.pdf
See also: *The Class Ceiling: Why it Pays to be Privileged*, Sam Friedman and Daniel Lauriston, (Policy Press, Bristol): 2020. The book examines class bias in four elite occupations, including TV and acting.

development pipeline in film and TV is structured in such a way as to continue to make it very difficult for women, people with more challenging social/educational backgrounds and/or from minorities, to come through with original projects and to raise the resources necessary to deliver pitches to an increasingly onerous professional standard, in a highly competitive environment. According to one female interviewee: "*the only people who can afford to sit down for three months and write a spec script are rich white middle-class males.*"

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On the one hand, most of the writers with a prior body of work and a reputation are now committed to projects years in advance and don't have sufficient breathing space to develop their own ideas and projects. On the other hand, less experienced writers are not sufficiently incentivised to develop their craft. Many new entrants are caught in a double-bind: they need an agent in order to get on the career ladder as screenwriters but they'll generally need to have written a spec script in order to attract an agent and cannot afford the time to do so because no one is going to pay them for it. Production companies also struggle to generate sufficient working capital to support writers in this kind of speculative work, while many interviewees are concerned that the majority of public sector initiatives focus on entry-level writers with insufficient resources deployed to support writers in their early career. As a result, there is, arguably, a lost potential, with original ideas and projects not being developed to the point where they could credibly be pitched to a producer or commissioning executive.

The result is a structural development black spot that has implications for the industry as a whole. The implications are even more challenging for the Nations and Regions, given the challenges they face in creating an enabling environment for new writers in order to fight against the brain drain towards London and the South-East.

In December 2021 Screen Scotland, the film arm of Creative Scotland, conducted a public consultation regarding possible changes to its funding guidelines. At the time of writing, Screen Scotland had an annual budget of £4 million to allocate to production and development. Since 2020, through its low budget Short Circuit fund, the organisation has begun to experiment with departing from the standard rule that projects have to be attached to a producer as a condition for application. Short Circuit took proposals from a range of sources, including spec scripts from single writers.

Production companies also struggle to generate sufficient working capital to support writers in [...] speculative work, while many interviewees are concerned that the majority of public sector initiatives focus on entry-level writers with insufficient resources deployed to support writers in their early career.

In the consultation, Screen Scotland proposed to deepen this approach, focusing on the early genesis of projects, where single writers, writer-directors and writer/director teams may have a strong idea but too often lack any resources to develop the story elements, treatments or first draft scripts and make use of resource persons such as researchers, illustrators and script editors. The awards will be modest (between £7,000 and £25,000). However, Screen Scotland is confident that limited cash injections at this juncture could have significant multiplier effects, make the local development pipeline more diverse and effective and incentivise local talent to stay local and buffer Scotland's competitiveness as one of the UK's production centres. The proposal also entails Screen Scotland stepping in as a matchmaker between writers or writer-director teams, and local production companies. At the time of writing, those measures had not yet been decided upon.

Elsewhere, institutions are testing radical departures from the norm, acknowledging that the scripted word may be more effective when used alongside the more visual language of the audiovisual form, instead of these two sets of tools being handled separately and sequentially. In 2016, the Danish Film Institute introduced a pilot programme – Skitsen (The Sketch) aiming to introduce a new, more fluid methodology. Danish producer Johnny Andersen, describes the Skitsen philosophy and practice, based on integrating proof of concept within the writing process, making it more open and multi-pronged: "*Traditionally, you write a screenplay and then discuss it with your producer and a film commissioner. You sometimes end up with a lot of rewrites! With Skitsen ('Sketches'), we want to challenge creatives to develop another, non-text-based method. The aim is to focus in depth on your main characters, your locations, narrative devices or visual style – and then go and film and cut something together to explore what the material can do. Does the idea hold up? You don't get locked in so quicky that way and you get a language for your project, a filmic language – a reference that can become a crucial jumping-off point for further development.*"

CONCLUSIONS

We set out on the present study with the ambition to shed light on the business practices at the creative end of development where projects are identified and selected, and resources are mobilised to put together a package that can compete in the content commissioning and financing marketplace. We also looked to identify issues around access to underlying IP and development talent. And we examined the challenges faced by producers in raising working capital to support development work. To make the present study cleave closely to present market reality, we conducted over 70 in-depth qualitative interviews with a wide range of market actors in development. This included producers, agents, writers, commissioning editors, private sector financiers, sales agents, talent unions, trade associations, game developers and public sector bodies. The work also involved comprehensive desk research.

In large part, our research has corroborated certain known generalisations about so-called 'development Hell.' There is no denying the fact that this part of the film, TV and – to a lesser extent – games' product cycles, is often fraught with difficulties. The reasons why can be whittled down to a twin challenge: on the one hand, a high (and rising) level of demand for a limited pool of creative talent (e.g., writers of underlying books, screenwriters and showrunners), is having acute inflationary effects; on the other hand, many UK production companies in the film and TV spaces experience chronic difficulties in raising sufficient cash to cover the costs of early development tasks, including options, screenwriters' fees, development executive and producers' salaries, research expenditure, etc.

It is a persistent paradox of development that an activity which not only occupies the greater share of a producer's professional time but is also described by all interviewees as strategic, should so frequently be mired in financial penury. Where market failure has proven to be most pronounced, in independent feature film development, we believe a discussion should be had about whether or not there is a need for the widely acknowledged importance of development to be fully reflected in public sector funding priorities. Although finer grade research would be required to determine the exact percentage, our study concludes tentatively that public sector resources (e.g., grant in aid and Lottery) devoted to project development may be below 10%, not counting the contribution of public service broadcasters.

In facing the challenges of funding development, UK companies are not all equal. In the TV content production space in particular, the past decade has seen a relatively small number of production companies achieve the degree of financial safety that inward investment by a large media group or conglomerate brings. Cross ownership has had observable beneficial impacts on their ability to be competitive in development. However, it is also true that their past track-record in successful development was a key factor in attracting corporate investment in the first place.

A large component of risk in development is attached to the low conversion rate from project into funded production. Interviewees variously estimated this ratio as running between 20% to 25% of projects in TV and film. Companies with significant corporate investments are able to envisage the financial toll of written-off projects more serenely than those that subsist on thin cash-flow and depend on the next commission or film production finance package to stay in business.

The high inflation and the endemic difficulties in raising funding have not had only detrimental effects on the UK development ecosystem. Several interviewees report having adapted to a challenging market by shunning existing IP and established writers in favour of original ideas and concepts and new writing 'voices.' Although the trend is especially in evidence amongst new or recent entrants, it is not confined to this segment: many senior producers have also re-oriented at least partly towards spec work and ideas generated in-house. Such adaptation strategies may be having virtuous effects on UK film and TV innovation and the much-needed development of new talent.

The study confirmed the singularity of video games' development within the UK screen industries. Amidst the accelerating global wave of corporate consolidation affecting the business, British developers have held their own, largely owing to their ability to hug the innovation curve and create original new game concepts and worlds for both mass and niche markets. As a relatively young and technology-driven sector with a product that carries the possibility of profits film and TV can all too occasionally approximate, UK games companies are proving comparatively more agile in attracting corporate investments, through a variety of market actors from business angels to major games publishers. The delineation between tasks that pertain to 'development' and 'production' in the film or TV sense is a challenging one to make in the games context: for example, playable elements developed as part of a pitch to attract further investment may be seamlessly used as assets in the 'production' phase proper. Whilst this factor helps the sector effect a more organic transition between the two stages, it does not minimise the challenges in raising the working capital necessary to finance a process that is often years in the making, with attendant financial risks.

One salient conclusion from the present study is that the issues affecting development are ultimately inseparable from broader and equally chronic issues around access to capital for production itself and commercial profitability. Although this connection is especially relevant in the feature film space, where precariousness is endemic, it has its applications also in the other screen sectors examined in the study. The inescapable observation from this first study is that there is a paucity of strategic thinking about the place and weight of development in our domestic screen industries and the connection between best practice (and best policies) and the overall market performance of made-in-the-UK screen content at home and in the global marketplace.

We hope this trailblazing work on development, its business practices and its structural challenges will help open a path towards the further research we believe is necessary in order to feed a much-postponed conversation both within the UK screen industries and between it and government departments responsible for relevant policies, regulation and incentives.

ANNEXES

ANNEX I

BUSINESS ADAPTATION STRATEGIES IN DEVELOPMENT COMPANY CASE STUDIES

This annex examines modes of business organisation that have evolved in British film and TV production companies as adaptive responses to the challenges of resourcing and deploying development assets.

Rather than attempt an academic classification, we have used case studies which we believe, taken together, provide a reasonably diverse image of various models in the sector. We are conscious, however, that this is a business in a constant state of flux organisationally, in response to fast-changing business models and technologies. Our modest ambition is merely to supply a snapshot of the current state of affairs.

TRADEMARK FILMS

Producer David Parfitt has over 30 years' experience in the production of high-end British independent feature films, many of them based on literary sources and directed by established British directors, some with prestigious theatre backgrounds. His credits have ranged from Kenneth Branagh's *Peter Friends* (1992), to Florian Zeller's *The Father* (2020) and included Nicolas Hytner's *The Madness of King George* (1994), John Madden's *Shakespeare In Love* (1998 – Best Picture Academy Award), the highly successful animated feature *Loving Vincent* (2017), Simon Curtis's *My Week with Marilyn* (2010), and Trevor Nunn's *Red Joan* (2018). He was also a producer on the 2012 high-end TV drama series *Parade's End*, directed by Susanna White and single drama *The Wipers Times* (both nominated for BAFTAs). His connections with British theatre date back to the early stages of his career, when he co-founded the Renaissance Theatre with Kenneth Branagh (1987), and he continues to produce for the stage.

Trademark Films has no infrastructure (e.g., no office and staff) and minimal overhead. The company is co-owned by Parfitt and his business partner/wife Liz Barron who is an experienced film production accountant and the company's Finance Director. There are two additional long-term collaborators, co-producer Ivan Mactaggart, who operates his own company from Cambridge, and Cleone Clarke, a freelance colleague who has worked regularly with Parfitt over the past 30 years as development producer, co-producer and associate producer.

All development funding is raised on a project by project basis as Trademark does not have an overall development deal with a studio.

Parfitt describes the company's approach to development as "scattergun" and estimates that 80% of projects are adaptations of pre-existing IP. Although the company clearly states on its website that it does not accept unsolicited scripts, they receive numerous new scripts weekly. Parfitt and his colleagues do not process those, preferring to rely on the team's established relationship with publishers, writers and their agents, as well as the web of relationships with leading directors and actors, developed over many years. These act as Trademark's creative and business filter in the selection of development projects.

To the extent that any specific type of business organisation can be ascribed to UK production companies primarily focused on developing and producing single feature-length films made to a theatrical release standard, Trademark can credibly lay claims to typifying the talent-led micro-business. Although such companies have no tangible or intangible assets (e.g., infrastructure and back-catalogues), some maintain considerable leverage due to the professional experience and connections that one or several company director(s) have with the film and TV business communities and the talent pool.

An example of Trademark's reputational capital being put to profitable use is the production of the critically acclaimed 2012 high-end TV series *Parade's End*. Parfitt's involvement with the project was creatively focussed and started in late development, when the company was attached to co-produce the project with Mammoth Screen, one of the larger TV-oriented independent production companies. Mactaggart's expertise in setting up co-productions on single features with European partners also proved useful to Mammoth, at a time when rising budgets were beginning to drive the financing of high-end TV drama towards a financing model closer to that of independent films.

SIXTEEN FILMS

For the past 20 years, Sixteen Films has functioned as the hub for one of the most stable and prolific creative and business triumvirates in the history of British film. Producer Rebecca O'Brien, writer Paul Laverty and director Ken Loach have a well-established and fluid approach to development based on years of experience in taking projects from the initial idea all the way to release. The trio's partnership, which spans 27 years and 14 films, pre-dates the creation of the company.

Theirs is an integrated development process in which Loach and Laverty will work together from an initial idea, with Laverty conducting most of the factual research before launching into a first draft screenplay. Loach and O'Brien will then provide notes to support Laverty with further iterations. A senior script editor with years of experience working with Loach is also involved.

In business terms, the partnership also has unique and distinctive traits: Rebecca O'Brien and Paul Laverty have agreed a fixed contractual template which they replicate with every new film, that has them both on income parity, with no advance payable to writer, who keeps copyright in the scripts until late development.

Sixteen Films also employs a development executive who also acts as assistant producer. He helps coordinate development on other projects undertaken by the company. Rebecca O'Brien's credits outside Loach's and Laverty's work include producing or executive-producing on films by directors as diverse as Lynne Ramsay, Diego Luna, Pete Travis, Fyzal Boulifa and Christian Carion.

Sixteen Films has used established relationships in the business in Europe to leverage development resources. A first experience co-producing with France's Why Not Productions on Loach's 2009 *Looking For Eric* led to an informal agreement between the two companies that has held together since and covered another six films by Loach, including the 2019 *Sorry We Missed You*. The arrangement entails Why Not contributing cash to development and prep on Loach's projects. The strategic value of this arrangement from the French company's perspective is that it is tantamount to an output deal, ensuring that they can first call on Loach's projects, knowing the director's appeal remains strong in the European arthouse film market, and especially in France.

Sixteen has also had a long-standing and successful relationship with Creative Scotland, having received development funding on four of Loach's films set in Scotland.

As a start up in the early Noughties, Sixteen Films was buoyed by significant development support from the EU Commission's Media Programme (latterly Creative Europe), raising funding for an initial slate of five films, four of which were made.

The company estimates that it converts typically around 50% of its projects across the slate, though the conversion rate on Ken Loach's projects is closer to 80%. Sixteen Films works with a select number of seasoned script editors whose style is suited to the company's focus on authored films often by first- or second-time directors. Relationships with writers' agents is not a feature in Sixteen's development strategy: Ken Loach and Paul Laverty tend to generate original scripts based on their observation of shifting social issues in contemporary Britain and the world at large, while the rest of the company's development slate also skews to original material.

The company has also been able to utilise funds recouped from previously released films into its BFI Locked Box account, as part of its Recycled Development Funding (RDF) entitlement. A recent evaluation of the Locked Box performance had Sixteen Films profiled as one of the respondents: the company observed that RDF funds have proven useful in cash-flowing some of their late development costs on specific projects, such as location scouting.[83]

[83] "Evaluation of the BFI Locked Box Entitlements Initiative," Olsberg•SPI (report to BFI), September 2021.

To the extent that it can be categorised, Sixteen Films, like Trademark Films, is a company led by individual talent, with a unique writer-director-producer troika at its centre. It has proven able to make use of its reputational capital to attract a wide variety of other projects within a specific development ethos and sensibility.

VERTIGO FILMS

This leading independent production company was founded in 2002 and had remained privately owned since. In November 2022, the company announced the sale of a majority stake to Federation Entertainment, a multi-territory content production and distribution group with strong roots in the EU market.

Vertigo works successfully across both film and TV. In features, it built an early reputation in the Noughties for bold low-budget independent films aimed at the youth market, including Vertigo director Nick Love's *The Football Factory* (2004) and *The Firm* (2009). As the DVD driven market for those products gradually waned, the company moved to other genre areas, again partly financed outside the standard UK independent features' fold: *Streetdance 3D* was the first 3D film made outside the US and was a commercial success with a USD$65 million worldwide box office. The company also developed and produced what company co-founder Alan Niblo describes as "*cri de coeur*" films such as *Bronson* (2008) and the low-budgets sci-fi hit *Monsters* (2010).

Vertigo's off-the-beaten-track approach to single features has resulted in their achieving 100% conversion rate on all the projects the company got involved with to date. Further expansion came in 2017 with a move into television and streamer production when Vertigo pitched the first season of *Britannia* to the UK's Sky Television. The company has since delivered the successful cop series, *Bullet Proof*, out on Sky, which ran into three seasons.

Vertigo has a full-fledged development team consisting in a head of development, a development executive, two development/story producers and several script editors. The head of development and development executive work across all projects and the story producers and script editors are assigned to the various projects on the Vertigo slate. Additionally, the unit uses the services of a freelance book scout on a monthly retainer, who produces a monthly report on the latest trends and available literary properties in the adaptation market. Unlike many independent production companies, the development department has a designated annual budget although executives point out that the figure is notional and that expenditure is kept as low as achievable until feedback has been received on early pitches, from potential buyers. Vertigo executives say the conversion rate for development on TV series is currently around 40%.

Development costs on *Britannia* – Vertigo's first foray into TV production – were financed entirely by Sky. Since then, the company has aimed to cash-flow development itself on the majority of its projects, so as to be in a position to control the IP at an early stage and to pitch to different buyers: its most recent series, *Mammals* (by show-runner Jez Butterworth), attracted competitive bidding from two streamers, eventually going to Amazon.

MAMMOTH SCREEN

The company is one of the market leaders in the UK for the development and production of new returning series for television. Since 2015, it has been under ITV Studios' ownership[84] and though this structure lends the company a degree of privileged access to the commercial broadcaster, it produces shows for a range of other channels in the UK, many of which are also co-produced with foreign independent producers and broadcasters. Recent productions premiered in 2020 – 2021 include *The Serpent* and *Noughts + Crosses*, both for BBC, *The Singapore Grip* and *The Pale Horse*, both for ITV.

At the time of writing, the company had 28 core staff. Development is led primarily by input from the in-house executive producers and script editors. One senior Mammoth executive estimates that the overwhelming proportion of development projects, perhaps as much as 90%, are generated in-house; around 75% from the executive producers, another 20% from the script editors and perhaps 5% from agents or talent outside the company.

Mammoth Screen executive producers have skills across the development and production spectrum and the company believes in the importance of involving experienced script editors across the whole process; their logic is that whereas producers and commissioning editors will, by necessity, be thinking of the market and cast for each development property, the script editors can be given the freedom to focus only on the ideas and the quality of the writing, without having to second-guess what the market may want. This cultural choice is designed to preserve and promote the team's ability to generate fresh new material. The company also picks script editors with solid research skills, as many of the series require extensive capture of period historical contexts or contemporary detail.

Mammoth has relationships with a wide range of agents. The part-reliance on these relationships also enables the company to keep its in-house development capability sufficiently lean; they see no point in replicating that part of the ecosystem and benefit from the agents' ability to pre-select good projects, based on prior knowledge of the team's taste range and the company's output.

In the past, before being acquired by ITV Studios, Mammoth Screen had frequently relied on broadcasters to fund individual development projects past the first pitch. Today, its development strategy is more mixed: the current estimate is that it cash-flows development itself for over two-thirds of its projects, though broadcasters may step in at later stages on some projects and cash-flow the expenditure. This is a strategic choice borne of the company's ambition to hold on to IP and/or negotiate better terms on the back-end once the show is picked up.

The Mammoth development slate is a hefty one, averaging 50 projects at any given time. The company has arrived at this number through trial and error, based on its use of resources and the need to respond competitively to what the market can absorb at a time of unprecedented demand for new material from linear broadcasters and streamers alike. Out

[84] As of January 2021, the ITV Studios website listed 63 different holdings in production as well as direct subsidiaries, both in the UK and abroad.

of those 50, between 8 and 10 will end up being produced, giving Mammoth a strike rate of around 1 in 5 or 6.

Like the majority of leading UK production companies, Mammoth is active in the business of acquiring rights to underlying literary properties. The company has no current ambition to compete in the film production business.

STUDIOCANAL UK

Studiocanal is one of Europe's leading audiovisual content companies. Although it started life as the film arm of monopoly French pay-TV operator Canal+, a group owned at the time by the multinational company Vivendi, its subsequent corporate history has seen it gain growing autonomy from its original owner's direct programming needs and diversify into a multi-territory audiovisual content company, across both film and TV.

Studiocanal has holdings in a range of independent production companies in the UK and other countries in the Europe Economic Area. In the UK, they include leading TV independent company Red, Urban Myth Films, and Benedict Cumberbatch's Sunnymarch TV. Commenting on the ongoing wave of corporate acquisitions, the Canal+ CEO and Studiocanal chairman Maxime Saada said *"[…] we are progressively building Europe's answer to a Hollywood studio."* Studiocanal also holds rights to the world's third largest back-catalogue of film and TV content, generating millions in annual revenue from re-licensing older films and TV programmes.

The formal entry of Studiocanal into the UK film and TV content production and distribution business was through its acquisition of the successful UK independent distribution company Optimum Releasing in 2006. In the years since, the company has expanded its M&A strategy into other high-value territories in mainland Europe, consolidating in Germany and Spain through strategic acquisitions of high-performing local production and distribution companies (e.g., Germany's Kinowelt, Spain's Bambu). As a result, the company has the enviable position, as one of Europe's few integrated film and TV content studios, of being able to directly distribute to the consumer through theatrical releases and on a B2B basis through TV licenses, and thus capture both margin and market intelligence.

Studiocanal's UK development slate is led by the UK team, consisting in four staff working across development and production and competing to attract talent to the company's projects. At the time of writing, the UK development unit had a head of development and a production and development executive with a development assistant. The team has considerable autonomy in early development and reports back to the Studiocanal EVP of global production and talent management at Paris headquarters, where most decisions are processed regarding the greenlighting of projects.

Although it develops and produces many original single features with name directors, one of Studiocanal's distinctive characteristic is also a focus on franchises. Perhaps its best known title in that range is *Paddington*. The original film, released in 2014, was a considerable hit worldwide. *Paddington 2* followed in 2017 and was also a sizeable success.

A third film was in late development at the time of writing. *Shaun The Sheep – The Movie* (2015) and *Shaun The Sheep – Farmageddon* (2019) were based on Aardman Animation's TV character franchise and also proved successful. A sequel to the successful genre film *Attack The Block* (2011) was in pre-production at the time of writing, with the property being seen as a potential franchise also.

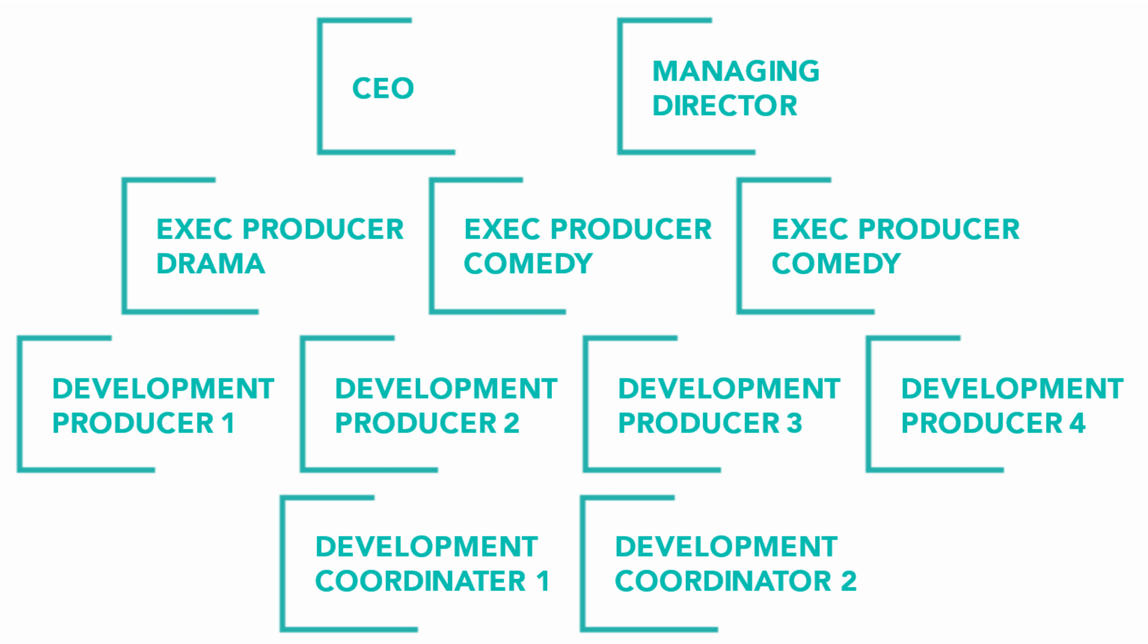
Besides developing new original projects or adapting existing IP, the UK development team also participates in decisions regarding the development of sequels and remakes from the vast Studiocanal back-catalogue holdings: in 2022, the company made and released a sequel to the British children classic *The Railway Children*.

Vertical integration in development, production, and distribution inside a well-capitalised group, gives the development team at least a theoretical advantage. However, the scale of many of Studiocanal's films means their having to secure marketable cast, which sometimes requires securing a US presale. They are not immune from competitive pressures experienced throughout the industry: the company will normally secure all rights, turning down projects if agents insist on single film licenses and on reserving other rights. The shrinkage in the theatrical market for all but the biggest Hollywood tentpole films, a trend already observable pre-COVID and considerably accentuated after the fits and starts patterns of successive lockdowns, also challenges Studiocanal's core business as historically driven by theatrical premieres. However, the company has also helped drive post-COVID theatrical market recovery in the UK and Europe.

The UK team also struggle with what they see as the shortage of senior writers, as compared to the US. They also note a lingering aversion in much of the UK writers' pool to writing genre films, in spite of the proven commercial potential.

ANNEX II

A LOOK INSIDE A DEVELOPMENT DEPARTMENT AT A LEADING TV PRODUCTION COMPANY



The diagram above is a of a simplified corporate organigram for the Development department of a successful UK TV production company specialising in drama and comedy series primarily for the British market but with foreign sales also contributing a significant proportion of company revenues. Over the past decade, the company has managed to produce and deliver on average between 4 and 7 shows per annum to a variety of UK buyers, including PSBs and, more recently, US streamers.

This represents the corporate philosophy, which blends a streamlined hierarchical structure with a culture of informal cooperation. In other words, communication between the different members of the 11-strong Development team[85] is kept fluid and informal to the extent that development relies on the pooling of ideas and a generally collaborative process. The hierarchical system is graphically represented by the CEO and MD being placed at the top end of the diagram, with executive producers directly under them, development producers reporting to the exec producers and the two development coordinators working across the department, mainly reporting to the development producers. "*Although there is a hierarchical organigram, the structure is effectively flat as far as the daily work culture is concerned; we avoid information asymmetries between members of the team: good development relies on information-sharing*" says the company's MD.

Although there are structural boundaries in this model, for example each development coordinator is in principle servicing a different genre of development properties (one for drama, the other for comedy shows), in practice, there are frequent overlaps.

The company puts the annual overhead for Development at £850,000 per annum, including salaries, benefits and NI contributions – a net cost of around £700,000. The figures do not include the CEO and the MD's salaries.

The company believes the organigram and the work culture should prioritise opportunities for career progression. "*Offering realistic prospects for professional development is a part of what makes us competitive, alongside good salaries,*" says the MD. "*Good people are hard to find and retain and the fact is that our development staff get other offers all the time, so we work hard at fostering loyalty to the company.*" The evidence for the success of this approach is in the fact that all of the company's current development producers started out as development coordinators. In turn, development producers will have a structured way of progressing up the career ladder: those that will go on to produce a first show (all are encouraged to get direct exposure out of the boundaries of development work) will be mentored by the producer hired for the series. By the time they'll have been involved in the production of two shows, these development producers will normally be promoted to executive producer roles. Lower down the hierarchical order, the same progression ladder applies: all the development coordinators began as runners with the company.

All the members of the Development team are encouraged to spot new IP and new talent and be aggressive in their bids to bring them into the company. Status meetings on the development slate are held weekly with the entire team, as are production status meetings, involving the executive producers and senior management (CEO, CFO, MD).

The MD observes that, in the past five years, broadcaster-funded development deals have become harder to attract. The company spends more on speculative development because "*kissing a lot more frogs*" has become a strategic necessity in the face of intensifying competition for the best ideas and talent. Although the company spends more of its own cash than it used to "*we've also perfected the art of the £2,000 to £5,000 write-off.*" Whilst it means having more development properties on the go at once, the company has also

[85] Not all of them exclusively focused on development, e.g., CEO, MD and exec producers are also across production and development producers are also expected to gain direct production experience.

become more adept at identifying those that have a lower probability of attracting a production deal or commission and weeding them out early, in order to minimise sunk costs.

Taking more financial exposure in development is a potential competitive advantage. In this case, it is made possible in part by the greater control over secondary and ancillary revenues from the commercial exploitation of the company's shows both inside the UK and overseas.

The present case study is by no means representative of the way in which development work is organised corporately across the UK film and TV sector; on the contrary, we have found that – despite the growth and progressive corporatisation of the UK HETV production sector in the past decade – there are in fact no clearly established models or blueprints used broadly by the industry. We have found development to be characterised most often by bespoke, informal approaches, with loose corporate structures and a frequent combination of functions between development and production amongst companies' staff.

ANNEX III

A VERY LONG GESTATION – THE DEVELOPMENT SAGA BEHIND THE UK VERSION OF THE AMAZON COMEDY-DRAMA SERIES *CALL MY AGENT*

The present case study is a short chronology of the development 'story' behind the making of the British format version of the successful French series *Dix Pour Cent*, which became a global hit on Netflix under its English title *Call My Agent*. The British version was released as an Amazon exclusive on the streamer's storefront in April 2022.

The story behind the series has typical features of the type of challenges and difficulties routinely experienced by producers in development. In this instance, the complexity was perhaps all the greater that the project's very long gestation involved three companies in three different countries; in that sense, this case study also attests to the growing global nature of the high-end TV and streamer business.

NOVEMBER 2015	Christian Baute, CEO of UK-based production company Headline Productions ('CB') spots the original French series very early on. Living in France almost full time (he commutes to London for work), he sees *Dix Pour Cent* become a hit on French television (TF1). With limited funds available, CB is able to conclude a 12 month 'shopping agreement' with TF1 Droits Audiovisuels, the international trading arm of TF1, who own all language version format rights worldwide. During the shopping agreement period, CB can commission a pilot script from a British script writer. The pilot script is funded 50/50 between Headline Pictures and the French producers of the original series, Mon Voisin Productions, who have come in as coproducers on the British format.
SEPTEMBER 2017	Once the pilot script had been commissioned, the US/Canada mini-major Bron Studios becomes interested. Having met the writer, who was in New York, working on an HBO show, Bron commit to covering further development costs.
JANUARY 2018	The first pilot script is delivered. Bron and Headline identify some issues: the tone is too gag-driven, too sitcom. After initial notes to the original writer and at her request, the partners bring in a co-writer from the US. The two work on the script together. Improvements are made but the tone and characters now seem too American, not British enough. Rachel Freck is subsequently brought in as casting director. It's early for a casting director to be involved under normal circumstances, but Freck is renowned not only for her talent for casting cross-culturally, but also for her vast connections in the industry, extending well beyond front of camera talent. It means she is a good resource to help identify the right showrunner to take the project forward. One of the names on her list is John Morton, who had been the lead writer on *W1A*, a biting satirical show about the baroque and convoluted management culture at the BBC. At that stage, CB is trying unsuccessfully to convey to UK commissioning editors what the show might look and feel like, by sending round bespoke links to the French series (which has yet to appear on Netflix and become an international hit). CB finds out the technique isn't working: *"commissioning editors don't look at existing formats; they said to come back with a script,"* says CB.
END 2018	The partners stop working with the two original writers of the pilot script. By then, John Morton has been approached, has watched all three seasons of the French original and loves it.
FEBRUARY 2019	John Morton meets with Bron Studios, CB, and Rachel Freck. The parties agree that John will produce two script outlines for the first two episodes.
AUGUST 2019	Morton delivers over and above the specs, a mix of treatment and script; a total of 160 pages. By that stage, the partners are already running through their third option but the fact that the French company that produced the original still has co-executive producer and consultation rights helps smooth discussions on prolonging the process. (The French had approved the choice of Morton as showrunner).

Headline and Bron give John Morton notes and work with him on a package that ends up comprising draft scripts, a 'prospectus' about the show and a pitch deck with Jonn's text on the series outlook and some casting ideas. The package is sent out to leading buyers, including Netflix, Peacock and UK broadcasters. It is met with a deafening silence… Is this the dampening effect of the now global success of the French original, streaming to record viewing on Netflix? *"Had the time it had taken us to take the project this far worked against us?"* asked CB. Universal expresses an interest, but they want a US version. The partners have the rights (to all English language versions except India's), but the French co-producers made it a condition precedent that the London-based remake be produced first.	**AUGUST 2019 (continued)**
There is a call from Amazon. The studio is comfortable with British material, having participated in the making of *Fleabag* and other culturally British shows. A pitch meeting is arranged with John Morton, the partners and Amazon. The offer is for a "branded license," the equivalent of an 'Original'. The partners agree that Bron will cover the financing gap against the future value of a US sale and international sales. The UK HETV tax credit will cover a significant proportion of the deficit.	**JANUARY 2020**
Headline opens a writers' room for the scripting of the full season. It's COVID times and writers' rooms have gone fully remote: three writers are in London, a fourth in Scotland, with John Morton as showrunner. Bron Studios cash-flows the writers' room. March 2021 is set initially for commencement of principal photography. To begin casting the lead roles and the star cameos on which the series' formula depends, the producers need at least advanced draft scripts for two episodes. With the support of his writers' room, John Morton polishes scripts for episodes 1 and 2.	**MARCH 2020**
Rachel Freck begins work in earnest, by which time Headline and Bron have advanced drafts for all episodes except 7 and 8, which are delivered shortly thereafter, which come in between October and December.	**OCTOBER 2020**
The principal roles are now cast and hired. Pre-production begins, while the producers begin to cast the star cameos. The producers hit against challenges in this area, finding that many British star actors are reticent to play send-up versions of themselves.	**FEBRUARY 2021**
Principal photography begins on *Call My Agent*.	**MAY 2021**
Two weeks into principal photography, Bron Studios signs a deal with AMC for US rights, for a 5 year license and a two-seasons' commitment. The US deal covers the deficit Bron had covered at risk on starting production.	**JUNE 2021**
Post production begins.	**SEPTEMBER 2021**
The series premieres on the Amazon Prime storefront.	**APRIL 2022**

ANNEX IV

INSIDE THE BBC'S DEVELOPMENT ENGINE ROOM

The BBC runs the largest new writing' programme in the UK film and TV industry, under the departmental name of 'BBC Writersroom.' Through its various strands – which we breakdown below – it processes between 5,000 and 6,000 applications and provides structured career development opportunities for a total of 150 writers, annually.

The scale, complexity and reach of the programme has no equivalent elsewhere in the creative ecosystem of UK TV. It reflects the BBC's very particular place as the leading public sector entity, with an elaborate and challenging mandate to deliver on all aspects of diversity.

The output of this programme far exceeds the capacity of the BBC's various content commissioning departments to absorb new writing. In effect, the programme helps irrigate the entire creative ecosystem, introducing new voices to a wider UK TV/streamer media marketplace in which demand for original new writing has never been more intense.

It was not possible to conduct a full impact study of the programme as part of the present study; we express the wish that BBC will in due course undertake – and make public – such impact assessment, so that the efficiency of such an ambitious aspect of public sector intervention may be more precisely evaluated.

The new writing programme (as of mid-2022) employs 15 full-time BBC staff across five strands of new writing programmes. The staff deployment consists in one assistant commissioning editor and a coordinator in each Nation and one Region (Scotland, Wales, Northern Ireland, North of England – the latter region also had one development producer), as well as two development producers, one based in the BBC's principal regional HQ in Salford, the other at New Broadcasting House in London, where a digital commissioning manager, a production manager and the BBC Writersroom director (Jessica Loveland) also operate from. The development producers work closely with the assistant commissioning editors, in a tight feedback system.

The programme's five strands are:

1. TV Drama Writers Project
2. Drama Room
3. Voices
4. Writers' Access Group
5. Write Across

The **TV Drama Writers' Project** is the premier programme in the BBC's new writing infrastructure. It receives some 500 submissions annually, out of which 30 will lead to face-to-face interviews, for a final selection of 10 writers. BBC then puts up these writers' profiles out to independent production companies who pick them to work on a new original drama project. BBC subsidises this uptake by independent companies, covering the price of a minimum standard script fee as per the WGGB Agreement. The programme is therefore highly focused on the professional insertion of these writers, all of whom will have had prior experience as a precondition for submitting an application. The writers on the programme develop a new original series idea to pilot script stage and deliver this to the BBC at the end of the programme. At the end of these writers' residencies with the production companies, there is a rehearsed reading of the scripts they will have produced, in the presence of the head of development for the programme. Commissioning editors from the Drama commissioning team and executives from the production companies participating in the programme also attend. Afterwards, the BBC's commissioning editors team makes decisions about which scripts to pick for further development.

Though still a modest outlay, *TV Drama Writers' Programme* is the most expensive of the five strands because it entails hard cash being spent by BBC on underwriting early development costs for writers embedded in production companies. The direct costs, BBC overhead not included, are between £140,000 to £145,000 annually.

In general, the minimum requirement for open calls is that applicants must have written no less than 30 pages; (this condition does not apply to the Write Across sub-strand). Most applicants turn in material for TV rather than single films. The managers observe that the overall quality standard of submissions is rising all the time, whilst there is also a tendency towards the replication of tried and tested formula as already seen on TV and streamer storefronts. One of the aims for BBC is to encourage originality and innovation amongst its recruits. On the whole BBC Writersroom staff are seeing a trend of more writers submitting TV pilot scripts as their sample work but the programme also accepts scripts for film, theatre, radio and online content.

For its **Drama Room**, BBC will pick around another 15 writers from the annual submissions. Some of these may be totally unknown, with little to no prior professional exposure.

However, many already are in the early stages of a career in script writing and have agent representation.

The *Drama Room* curriculum consists in a six-months' immersion in workshops ranging from sessions with story editors and audience data analysts, to taster sessions for BBC Kids or with the radio drama team and the producers and story producers for the long-running soap *Waterloo Road*. "*Drama Room is an opportunity for these fledgling writers to show their scripts to any content-hungry part of the BBC,*" says one programme executive.

At the end of the workshop cycle, *Drama Room* writers are paired up with a script editor who will assist them as they produce a spec script. The aims of the programme are three-fold: delivery of a spec script, introductions to the industry and a small credit on a completed production.

The **Voices** programme selects 70 applicants, also through an annual open call. The best applicants may eventually be upgraded to the *Drama Room* programme. Recruitment for *Voices* is focused on less experienced writers but who possess a certain *"spark,"* to quote a BBC executive. Many come from the theatre, and the challenge is to teach them the basics of writing for TV. There are currently five *Voices* hubs across the whole of the UK, named after their regional base – *Northern Voices*, *London Voices*, etc.

The **Writers Access Group** has an intake of between 12 to 15 applicants bi-annually, with a level of expertise comparable to that of *Drama Room* attendees. The programme recruits from deaf, disabled and neuro-divergent writers who have made strides but are facing certain barriers in career progression. Some of the writers may be agented but these tend to be in smaller numbers than in other programmes. *Writers Access Group* was nomination-based originally but BBC is now seeking to make it an open call, like most of its other programmes. *Writers Access Group* takes writers through a series of workshops, including an exposure to writing craft skills and sessions on the industry. This programme also supports the writers in working with a freelance script editor to complete a new spec script. The overall aim is to take participants towards practical paid work in television.

Write Across is a diversity focused programme with a hyper-local grounding. The programme managers work in direct partnerships with local talent organisations. The pilot programme launched in 2022, in association with a host of local organisations in Liverpool, including the Liverpool Film Office, Everyman, Unity, DadaFest, 20 Stories High, Writing On The Wall and the Royal Court Theatre Liverpool in February 2022.

BBC is planning to roll out similar multi-pronged partnership-based hubs nationwide for *Write Across* in other cities. The programme selects applicants who are new to writing but presenting evidence of "*raw talent*." The pilot project collected over 300 applications, with the capability to take on about 15. Some of the most promising applicants will also be upgraded in due course to *Voice*.

Write Across provides applicants with the supportive infrastructure and resources to enable them to produce a first spec script. The script will be used to open doors in the industry and give its writers an opportunity to skill up and find their 'voice.'

The layered architecture of the BBC's intervention in the identification and training of new writers has – at its epicentre – the challenging mandate of helping deliver a more diverse screenwriting workforce to the UK film and TV ecosystem. In this ambitious strategy, social class is seen as a central pivot: "*if you can crack the class diversity issue, it helps you enormously in resolving all the other intersectional issues*" says a BBC executive. The difficulty begins with the very basics: most working people just don't see screenwriting as a viable career track or are too busy working to cover their bills to have time to spare even for part-subsidised training. BBC admits no one can live on development grants alone, even assuming they are successful in obtaining such grants, which is by no means a predictable outcome. In addressing this deficit, the BBC also admits to its own limitations: "*We can pay shadow script fees but it's not sufficient for you to live on.*" The programme managers are exploring new practical and original ways of supporting fledgling writers from less-advantaged social backgrounds who face important economic challenges to supporting their own vocation.

The BBC's programme managers are also attempting to recruit and train script readers and editors from a wider spectrum outside the persistently dominant white, educated, middle-class bracket. But they admit that in the rush to foster a more diverse intake, there is a risk that recruits will be pushed up the ranks before they've had a chance to consolidate core skills.

This preoccupation mirrors that of the industry at large regarding the risks in promoting writers, script editors, story producers and other development professionals too early in their learning curve. Most interviewees see this trend as an inadequate response to the considerable rise in demand for new TV and streamer content in the UK, but also admit that other solutions are difficult to imagine and implement.

ANNEX V

EXAMPLE OF OPTION AGREEMENT PROPOSAL

From Production Company to Book Author and Manager

This option agreement proposal is for a feature film adaptation project and is included for illustrative purposes only and its inclusion in this study does not signify British Screen Forum's endorsement of it as best practice. The company's offer concerns a book about to be published. Although confidential detail has been withheld, the items on the terms' sheet are the original ones.

Deal terms:

1. Option fees: The Company offered to pay USD$6,500 for the first 18 months option. That sum would be on account of the exercise price (see 2 below); and if they needed to extend that period to deal with the development and financing processes they would pay a further USD$10,000 for the next 12 months which would be in addition to the exercise price.

2. Exercise price: 3% of the final budget of the film (less certain customary categories relating to non-creative costs) but in any event not less than a minimum of USD$100,000. [It would be usual for companies to set a maximum ceiling to that amount; however, this company believed that if they were able to raise a significant budget the book author should benefit from the absence of ceiling]

3. Net Profits: 3% of the 100% of the film's net profits to the author, calculated, paid and accounted on a most favoured nations basis with all other companies and individuals participating in the net profits (the Company also stated however that they would have to exclude the lead cast members and director if they are stars as this category of actors will normally require a more advantageous participation in profits even while financiers would still only be recovering the production costs).

   In addition the Company offered the author and their agent 1/3 of all net profits remaining to the Company as the production company, after the deduction of the net profits payable to the film's financiers and those individuals entitled to net profit participation (including the authors profits as detailed in previous para). This disposition meant that the author and his agent would be on no less favourable a basis than that which the Company accorded itself in terms of net profits.

4. The Company proposed to acquire all audiovisual and ancillary rights (including stage play adaptations) as they related to the audiovisual adaptations of the book. The Company did not ask for publishing rights and radio rights, which it said should be reserved to the author.

5. Creative involvement: The Company committed to meaningful consultation with the agent and author on all creative aspects of the development of the screenplay. The Company specified the author would be invited to comment on all stages of the draft screenplay development and would be consulted also on the choice of the director and cast. The Company also pledged to invite the author and their agent to view the various edits and to provide comments in the post-production process.

6. Additional information: The Company established that it will need to access additional information not published in the book through access to the author and working with them which they point out "will add to the veracity of the screenplay and film and stage play."

7. Other rights: in the event of a sequel, prequel, remake, spin-off television or stage production were planned, the Company committed to making further payments to the author "based on usual industry amounts."

8. Credit: "Based on the book "_______ " by "______" – credit to be given on screen and in all paid advertising for the film. The Company will also credit the author as an executive producer of the film, again on screen and in all paid advertising.

9. Errors & Omission insurance: In light of recent court proceedings, the Company wished for its lawyers to examine and double check that the author and their agent had clear chain of title to the film. This back-check would extend to requiring the agent's support to complete any application for the usual errors & omissions' insurance policy at the optioning company's cost.

ANNEX VI

DATA TABLES – BFI DEVELOPMENT AWARDS 2017-2021

BFI Development Loans – 2017 to 2021 – By Month & Year

	2017	2018	2019	2020	2021
January	£27,864	£169,420	£526,950	£180,000	£143,050
February	£78,000	£125,952	£254,650	£146,170	£129,400
March	£187,750	£129,100	£119,750	£179,925	£228,700
April	£58,582	£0	£137,500	£127,384	£320,316
May	£50,850	£101,400	£164,260	£42,300	£157,350
June	£165,450	£210,429	£115,320	£199,160	£183,979
July	£107,800	£93,000	£213,000	£241,720	£92,720
August	£230,136	£70,000	£71,750	£29,255	£103,824
September	£148,500	£140,500	£72,250	£284,975	£161,400
October	£149,750	£305,500	£160,480	£273,705	£41,000
November	£81,918	£311,800	£203,350	£153,011	£87,475
December	£52,400	£164,980	£144,000	£143,350	£280,415
Yearly Total	**£1,339,000**	**£1,822,081**	**£2,183,260**	**£2,000,955**	**£1,929,629**

Grand Total of Awards 2017 – 2021	**£9,274,925**

2017 – 2021 – BFI Development Awards by size

Development	Count of Award
0-5k	61
5-10k	46
10-20k	128
20-30k	143
30-40k	59
40k+	22
Grand Total	**459**

2017

Development	Count of Award
0-5k	14
5-10k	9
10-20k	15
20-30k	19
30-40k	12
40k+	2
Grand Total	**71**

2018

Development	Count of Award
0-5k	10
5-10k	9
10-20k	33
20-30k	23
30-40k	12
40k+	4
Grand Total	**91**

2019

Development	Count of Award
0-5k	15
5-10k	9
10-20k	28
20-30k	36
30-40k	8
40k+	7
Grand Total	**103**

2020

Development	Count of Award
0-5k	15
5-10k	9
10-20k	33
20-30k	27
30-40k	14
40k+	5
Grand Total	**103**

2021

Development	Count of Award
0-5k	7
5-10k	10
10-20k	19
20-30k	38
30-40k	13
40k+	4
Grand Total	**91**

ANNEX VII

THANKS

Thanks to all 74 interviewees who kindly and generously gave up so much of their time to take part in this project. All interviews were conducted under the promise of anonymity, however the following have kindly given for their names to be published below. The job titles are those the interviewees held at the time when they were interviewed; some of these may have changed since.

Naysun Alae-Carew	Managing Director	Blazing Griffin
Reno Antoniades	Partner	Film & TV, Lee & Thompson
Geraldine Atlee	Head of Business & Legal	BBC Film
Julie Baines	Producer	Dan Films
Matt Baker	Film Acquisition Executive	Hanway Films
Daniel Battsek	Chairman	Film4
Christian Baute	Producer	Headline Pictures
Nicholas Brown	Producer	Neal Street Productions
Stephen Cleary	Story Developer & Script Consultant	
Andrew Clifford	Writer & Script Editor	
Kate de la Grense	Legal Director	Wiggin LLP
Justin French	Founder & CEO	Dream Harvest
Julian Friedmann	Director	Blake Friedmann Literary Agency
Stephen Garrett	Producer	Character Seven
Sarah Golding	Script Editor	
Georgina Gordon-Smith	Development Executive	Archery Pictures
Cathianne Hall	Story and Script Editor	
Kieran Hannigan	Head of Scripted	Screen Scotland
Ian Harvey	Owner	The Illuminated Film Company

Anthony Harwood	Agent	Anthony Harwood Literary Agents
James Hawes	Film Director & Board Member	Directors UK
Simon Heath	CEO & Creative Director	World Productions
Matthew Justice	Managing Director	Big Talk Productions
Kitty Kaletsky	Producer	Rabbit Tracks Pics
Jason Kingsley	Co-founder & CEO	Rebellion Developments
Rob Kraitt	Agent	Casarotto Ramsay & Associates
Jessica Loveland	Head of New Writing	BBC
Tom Lyons	Original Series Development Executive	Netflix
Debbie Mason	President of Film + TV	Creators Inc
Dan McRae	SVP of Production and Development	Studiocanal
Erica Motley Dupuis	Creative Partner	Impact Capital
Alan Niblo	Executive Producer & Co-founder	Vertigo Films
Rebecca O'Brien	Producer	Sixteen Films
Philip Oliver	Co-founder & CEO	Panivox
David Parfitt	Producer	Trademark Films
Andy Paterson	Producer	Sympathetic Ink
James Penny	Chief Executive Officer	Mammoth Screen
Nathalie Peter-Contesse	Development Executive	Vertigo Films
Jim Reeve	Founder & CEO	Great Point Media
Emma Reeves	Chair, TV Committee	Writers Guild of Great Britain
Amy Roberts	Writer & Script Editor	
Max Rumney	Deputy CEO & Head of Business Affairs	PACT
Carolyn Saunders	Film Director & Board Member	Directors UK
Mira Trenchard	CEO	MTLS Literary Scouts
Jo Twist	CEO	Ukie
James Vaughan	CEO	Ndemic Creations
Brian Ward	Head of Screenwriting	NFTS
Neil Watson	Film Policy Consultant	Signature Media
Tom William	Chair, Film Committee	Writers Guild of Great Britain
Claudia Yusef	Head of Development	BBC Film
Jonas Zimmerman	Senior Executive, UK Production & Development	Studiocanal

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Anne Sheehan	Head of Media Finance	MBK Productions
Martin Smith	CEO	West Bridge Consulting
David Steele	Research & Insight Manager	Film + TV Charity

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