



House of Commons  
Committee of Public Accounts

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# Film Council: Improving access to, and education about, the moving image through the British Film Institute

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**Forty-seventh Report of  
Session 2002–03**

*Report, together with formal minutes,  
oral and written evidence*

*Ordered by The House of Commons  
to be printed date 29 October 2003*

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## The Committee of Public Accounts

The Committee of Public Accounts is appointed by the House of Commons to examine “the accounts showing the appropriation of the sums granted by Parliament to meet the public expenditure, and of such other accounts laid before Parliament as the committee may think fit” (Standing Order No 148).

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Mr Gerry Steinberg MP (*Labour, City of Durham*)  
Jon Trickett MP (*Labour, Hemsworth*)  
Rt Hon Alan Williams MP (*Labour, Swansea West*)

The following were also members of the Committee during the period of this inquiry.

Geraint Davies MP (*Labour, Croydon Central*)  
Mr George Howarth MP (*Labour, Knowsley North and Sefton East*)

### Powers

Powers of the Committee of Public Accounts are set out in House of Commons Standing Orders, principally in SO No 148. These are available on the Internet via [www.parliament.uk](http://www.parliament.uk).

### Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at [http://www.parliament.uk/parliamentary\\_committees/committee\\_of\\_public\\_accounts.cfm](http://www.parliament.uk/parliamentary_committees/committee_of_public_accounts.cfm). A list of Reports of the Committee in the present Session is at the back of this volume.

### Committee staff

The current staff of the Committee is Nick Wright (Clerk), Christine Randall (Committee Assistant), Leslie Young (Committee Assistant), and Ronnie Jefferson (Secretary).

### Contacts

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## Summary

The Film Council, which was created by the Department for Culture, Media and Sport (the Department) and took on its full responsibilities in April 2000, is the strategic agency responsible for film in the United Kingdom.<sup>1</sup> The Film Council has two main policy objectives: to develop a sustainable commercial film industry in the United Kingdom; and to develop film culture by improving access to, and education about, the moving image.<sup>2</sup>

In 2001–02 the Film Council received grant in aid of £20.9 million from the Department, and used £14.5 million to fund the British Film Institute (*bfi*) to carry out on its behalf much of the activity in support of the second of these objectives. The *bfi* draws on its own extensive collections of film, television and related material, and resources from other bodies worldwide to provide members of the public, researchers, and professional and commercial customers with opportunities to access, and learn about, moving image culture.<sup>3</sup>

On the basis of a Report by the Comptroller and Auditor General the Committee took evidence from the Department, the Film Council and the *bfi* on managing the public subsidy, reaching a bigger and more diverse audience, and taking better care of the National Film and Television Archive.<sup>4</sup> Our main conclusions are:

- The Film Council has yet to establish itself as the strategic leader for developing access to, and education about, the moving image. The Council has left the *bfi* to pursue its own agenda, despite insufficient evaluation of the impact of its subsidised activities, incomplete information about how it spends the public money given to it, and incomplete alignment between the Film Council's and *bfi*'s objectives.
- While attempting to increase take up in the regions of the opportunities it provides, most of the *bfi*'s activities are most readily available to people in London and the South East. The recently announced fundamental review of the *bfi* needs to address the relative roles of the *bfi*, which is London-based, and regional organisations such as the new regional screen agencies created by the Film Council.
- Film in the National Film and Television Archive is decomposing, particularly nitrate film kept by the *bfi* in old vaults. Film duplicated onto safety stock for safekeeping is now proving more unstable than the original nitrate film. And large quantities of film in the archive which have not been examined and catalogued are not yet accessible to the public, suggesting that the *bfi* has been unable to keep up with the volume of work. This is an unacceptable state of affairs for the nation's film heritage.

1 C&AG's Report, *Improving access to, and education about, the moving image through the British Film Institute* (HC 593, Session 2002–03), para 1.1

2 Q 17

3 C&AG's Report, paras 3, 1.1, 1.5

4 C&AG's Report, *Improving access to, and education about, the moving image through the British Film Institute* (HC 593, Session 2002–03)

## Conclusions and recommendations

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1. The Film Council should ensure that its objectives and those of the bfi are fully aligned, and that the bfi delivers value for money from the products and services it provides with the support of public funds. To assess value for money the Film Council needs to understand the relationship between the cost of providing different access and education opportunities and what they are achieving.
2. To establish whether the public money available to the bfi is being used to subsidise the right activities, the Film Council and the bfi should as a priority complete the development of performance indicators which measure what is being achieved rather than the bfi's own organisational processes, and the full cost of provision. As the bfi London IMAX is a tourist attraction it should be able to operate without public subsidy.
3. The bfi should review its pricing structure. For example, fees for research viewings and cataloguing enquiries might differentiate between academic researchers and commercial film makers.
4. In recognition of the work the Film Council and bfi do to promote the cinema, they should actively seek reciprocal financial support from the film industry.
5. The bfi's express aim is to increase and broaden take up of its services, but its patchy customer research means it does not know if this is being achieved. To demonstrate value for money for the public subsidy the Film Council and the bfi need to be clear whom they are trying to reach, and design customer research that establishes whether these constituents are taking up bfi access and education opportunities.
6. To ensure that the nation's film heritage is managed effectively, the fundamental review of the bfi will need to determine clear objectives and priorities for the National Film and Television Archive which are capable of being realised within the resources that are likely to be available. The Film Council and the bfi should also consider the scope for collaboration with regional archives as a way of increasing capacity to keep up with the volume of work.

# 1 Managing the public subsidy

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1. Before the Film Council took on its responsibilities in April 2000, the *bfi* had lead responsibility for film culture and was directly funded by the Department. In establishing the Film Council the Department sought to create a strategic leader for the film sector, but with the *bfi* remaining as a separate organisation receiving annual funding of some £14.5 million from the Film Council. In addition to working with the *bfi*, the Film Council has been setting up nine regional screen agencies in England. These agencies would receive a total of almost £8 million a year from the Film Council, and would also be supported by the private sector and regional development agencies.<sup>5</sup>

2. In the three years since it was set up the Film Council has allowed the *bfi* to pursue its own objectives. While its staff have provided a professional service the *bfi* has done little to evaluate the impact of its activities, and its performance indicators have tended to measure processes rather than the impact of its activities on users. The *bfi* is now planning to do more evaluation of its activities, and the Film Council has been developing new performance indicators. The Film Council's oversight of the *bfi* has also been complicated by the fact that Film Council and *bfi* objectives have not been fully aligned, although this has now been achieved.<sup>6</sup>

3. A further complication in the Film Council's oversight of the *bfi* has been the lack of complete information about the activities subsidised by its grant to the *bfi*, with only £7.4 million (51%) of the grant attributed to specific products and services (**Figure 1**). The Film Council accepted that there had been shortcomings. Its new funding agreement with the *bfi*, introduced from 31 March this year, would require the *bfi* to apportion overhead costs across its activities.<sup>7</sup>

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5 Qq 9, 34; C&AG's Report, paras 1.2, 1.4

6 Qq 2, 21, 28, 32; C&AG's Report, para 1.9

7 Q28; C&AG's Report, paras 1.9, 2.17

Figure 1: The public subsidy spent on British Film Institute activities in 2001–02

Total net subsidy for activity (£)	Activity	Net subsidy for each access opportunity taken up (£)
168,000	Research viewings	£123.78
124,000	Cataloguing enquiries	£84.27
268,000	Access to special collections, and stills, posters & designs	£77.61
173,000	<i>Moving Pictures</i> admissions	£28.88
1,303,000	<i>bfi</i> National Library visits	£14.57
2,725,000	National Film Theatre admissions	£12.07
883,000	Education events, teacher training, resources & mailings	£5.15
497,000	Touring festivals & regional exhibitors	£3.85
970,000	Film bookings & archive sales	£1.53
192,000	London Film Festival admissions	£1.50
103,000	Book sales	£1.03
155,000	<i>bfi</i> London IMAX <sup>®</sup> admissions	£0.46
85,000	On-line catalogue enquiries	£0.26
65,000	<i>Sight &amp; Sound</i> sales	£0.22
91,000	Website page impressions	£0.01
(£287,000)	Video & DVD sales	-£2.30
(144,000)	National Film Theatre membership	-£4.91
273,000	Research & library information packs	
767,000	Collections registry	
3,497,000	<b>Preservation, conservation, &amp; restoration of the National Film and Television Archive</b>	
1,672,000	<b>Management, development &amp; central costs</b>	
612,000	<b>Capital &amp; contingencies</b>	
14,500,000	<b>TOTAL NET SUBSIDY (GRANT IN AID)</b>	
309,000	<b>Surplus</b>	

Source: National Audit Office

4. Excluding the £7.1 million of grant that had not been attributed to individual *bfi* products and services, the net subsidy in 2001–02 for each access and education opportunity taken up ranged from £0.01 pence to use the *bfi*'s website to £123.78 for specially requested research viewings. The *bfi* sought a balance between the cost of provision and educational and cultural impact, aiming to serve diverse users and appeal to new customers. It was convinced that it was targeting public subsidy at the right activities. The *bfi* nonetheless recognised the need for a fundamental review of priorities and for ways to reduce subsidy, for example by use of new technology, or supplementing subsidy with private partnerships.<sup>8</sup>

5. The total subsidy of £168,000 providing research viewings for academics and researchers reflected the labour intensive nature of providing the service. The *bfi* was looking at new technology to enable it to copy original material to digital videotape, which would reduce the cost dramatically. The *bfi* explained that bona fide researchers were charged £12 an hour, though this was not necessarily high enough. Film makers might be able to afford to pay more for *bfi* research services, although if they wished to use film material from the

collections the *bfi* would, subject to copyright, charge fees which were a source of significant revenue.<sup>9</sup>

6. The total subsidy of £2.7 million for the National Film Theatre translated into a subsidy of £12 for each admission. The *bfi* believed there was a role for a national facility for screening archive films and cinema from around the world which without public subsidy would not otherwise be made available in commercial cinemas. Although National Film Theatre audiences were still down from the early 1980s they had increased 13% over the last five years.<sup>10</sup>

7. We asked why the IMAX cinema in central London, which appeared to be a tourist attraction, required a public subsidy at all. The Film Council said IMAX was an intense form of cinema experience unlike any other, and that there was a good case for making sure the public had an opportunity to see it. It was sometimes used to screen commercial films, however and the revenue helped support more cultural and educational material.<sup>11</sup>

8. Following the recent appointment of a new chairman and director of the *bfi*, the *bfi* announced that there was to be a fundamental review of the *bfi*'s priorities and future direction, which reflected the recommendations in the Comptroller and Auditor General's Report. The *bfi* board of directors wanted to create a new public face for the organisation, and there was a need to take stock of *bfi* activities and how it could do things better. A core area for investigation would be the role of the *bfi* as a national agency, and how its activities contributed to the delivery of wider Film Council and government objectives.<sup>12</sup>

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9 Qq 54–55, 57, 59, 63, 73, 76

10 Qq 5–6, 8, 16, 68–69

11 Q 11

12 Qq 2, 18, 36

## 2 Reaching a bigger and more diverse audience

9. The *bfi* has an explicit objective to increase and broaden access for this and future generations to a diversity of film and moving image material, and take-up of the opportunities it offers has gone up by 25% over the last five years. But the Film Council was unable to say how far this increase was accounted for by new, rather than repeat audiences.<sup>13</sup> There had been many user surveys, but the coverage had not been complete in terms of either the customer groups or the information sought (**Figure 2**). Much of the information obtained had been about customer care, and the coverage of data on the characteristics of customers had been patchy.<sup>14</sup>

**Figure 2: The extent of the *bfi*'s past research on the characteristics of its existing customers**

<i>bfi</i> service or product	Data on the diversity of existing customers					
	Ethnic origin	Age range	Sexuality	Disabled/ special interest groups	Geographic location of home	Socio- economic group or income
National Film Theatre	X	✓	X	X	X	X
London Film Festivals	✓	✓	✓	X	X	✓
Film bookings	X	X	X	X	X	X
Video/DVD sales	X	X	X	X	X	X
<i>bfi</i> London IMAX <sup>®</sup>	X	✓	X	X	✓	X
MOMI and <i>Moving Pictures</i>	X	X	X	X	X	X
Research (including library customers)	✓	X	X	X	✓	X
Remote access to <i>bfi</i> data	X	X	X	X	X	X
Education events	X	X	X	X	X	X
Mailings	X	X	X	X	X	X
Publishing sales	X	X	X	X	X	X
<i>Sight &amp; Sound</i>	X	X	X	X	✓	✓

Source: National Audit Office

10. So far as it was possible to tell from the limited information available from the *bfi*'s customer surveys, as well as a strong bias towards those living in London and the South East, audiences had above average incomes. And whilst the *bfi* appeared to be reaching diverse audiences in terms, for example, of ethnicity or sexual orientation, very few young people took up access opportunities such as those offered by the National Film Theatre.<sup>15</sup>

13 Qq 3–4

14 C&AG's Report, para 3.4, Figure 7, Appendix 2

15 Q 66; C&AG's Report, para 3.5

11. The *bfi* acknowledged that it needed to attract more diverse audiences, and had a three-year strategy to deliver a cultural diversity and social inclusion policy. The UK wide *ImagineAsia* project—which focused particularly on ethnic minority audiences—had been the first stage. In the second stage the *bfi* was focusing on disability. The *bfi* had already run a disability film festival piloting technologies to provide people with visual impairment with hearing information describing what was shown on screen, and the *bfi* planned to do the same this year. Other projects would include a disability film festival and a disability resources and education pack for schools and colleges, and there was an internship programme under which disabled people were working at the *bfi*. All foreign language DVD releases, and 50% of English language features were subtitled. The Film Council had also announced recently a pilot programme to test out a variety of new technologies in cinemas for people who are profoundly deaf, hard of hearing or blind or partially sighted. Over time, the Film Council wanted to consider subsidising introduction of that technology into some venues.<sup>16</sup>

12. The *bfi* accepted there was more it could do to reach audiences outside London, and pointed to the *ImagineAsia* touring festival of South Asian cinema as a model of the kind of project it was committed to developing for the future. Another example, the Lesbian and Gay Film Festival, would this year tour over 100 cinemas around the country. To put that in context, in 2001 there were 692 cinemas in the United Kingdom. In addition, the *bfi* regularly ran regional touring sessions from the seasons of films it put on at the National Film Theatre.<sup>17</sup>

13. The *bfi* regarded fostering and recording national, regional and other identities within Britain as critical to its work. The *bfi* was sponsor of a regional archive forum and undertook complex conservation work which the regional archives could not do themselves. As well as the National Film Archive run by the *bfi*, increasingly there were local film archives which contained films relevant to local history and which played well in local communities.<sup>18</sup>

14. The Film Council intended that activities in the regions would increasingly be run by screen agencies and local stakeholders working in partnership with the *bfi*. The Film Council was also taking responsibility from Arts Council England for a £15 million capital funding package. The intention was to put together a screen network around the United Kingdom, in the next 12 to 18 months, to deliver a more diverse range of films.<sup>19</sup> The Department viewed the new regional screen agencies, and subsidies to local cinemas to make digital technology available, as crucial to bringing commercial and cultural objectives together in the regions.<sup>20</sup>

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16 Qq 32, 66, 77–78, 84–85

17 Qq 9–10, 29–31, 33

18 Qq 42, 102

19 Qq 34, 70; C&AG's Report, Para 1.5

20 Qq 9, 37

## 3 Taking better care of the National Film and Television Archive

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15. The National Film and Television Archive exists to preserve the nation's moving image heritage and to make it accessible to the public for education and enjoyment. The *bfi* told us that the archive was one of the oldest and largest in the world, and that it contained overwhelmingly British material from 1895 to the present day. It included hundreds of thousands of British television programmes, advertising material, celluloid videotape, non-fiction, amateur and *avant-garde* film. The *bfi* focused on British material, and other material would only be accepted if it were particularly valuable or rare, and if there was not a more suitable alternative archive able to take the material.<sup>21</sup>

16. The *bfi* considered it had a responsibility to make that material available through every channel it could, and to preserve it for future generations. So British cinema was showcased through different *bfi* activities including its education packs, videos and DVDs, and screenings at the National Film Theatre. In 2001, 20% of screenings at the National Film Theatre, and some 40% of video and DVD titles were drawn from the archive. All the material viewed for research purposes and commercial sales of film rights was from the archive.<sup>22</sup>

17. Film was however subject to gradual decay. One older type of film which had a cellulose nitrate base was highly flammable and liable to rapid but unpredictable deterioration. Through the support of the Heritage Lottery Fund the *bfi* had built, in the last year or so, state-of-the-art purpose-built vaults for the most valuable of the nitrate film. However, some 120,000 cans of nitrate film were still stored in old vaults which lacked temperature or humidity control. Most of the cans in these vaults were showing evidence of rust and in a sample test of 80 cans the *bfi* had found mould on 53% of the reels and 26% of the reels showed evidence of decomposition. The *bfi* believed that material was being handled properly, with priority within its resource constraints for the most valuable film.<sup>23</sup>

18. More modern 'safety' film did not have the same fire risk, but could decompose by stages. Further evidence recently given by the *bfi* to the Select Committee for Culture, Media and Sport is that safety film has actually proved more unstable than the nitrate. The *bfi* did not know how much of the safety film in the collection might be decomposing or at risk of deterioration. However, at least 848 master copies of 'safety' films were known to be degrading.<sup>24</sup>

19. There was also a backlog of 125,000 titles, primarily of 'safety' film, which not been examined and catalogued and could not therefore be readily accessed. The uncatalogued films represented up to a quarter of the collections. Based on current rates of progress, the *bfi* estimated that clearing the backlog would take approximately five years. But the future cataloguing programme would depend to a large degree on the outcome of the

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21 Q 101; C&AG's Report, para 4.1

22 Q 101; C&AG's Report, para 4.4

23 Qq 13–15, 91; C&AG's Report, paras 4.11–4.12 and box on p 29

24 6<sup>th</sup> Report from the Culture, Media and Sport Committee, *The British Film Industry* (HC 667-I, Session 2002–03), para 150; C&AG's Report, para 4.11 and box on p 29

fundamental review of the *bfi*, which would establish priorities for the work of the archive.<sup>25</sup>

20. Running and maintaining the archive accounted for almost a quarter of the Film Council's grant to the *bfi*. A priority of the fundamental review announced by the, would be thorough consideration of the purpose of the archive, in line with the recommendations made by the Comptroller and Auditor General. In particular, it would consider the scale of the collections and the likely future acquisitions against the *bfi*'s ability to manage, preserve and make the material accessible.<sup>26</sup>

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25 Qq 88–89

26 C&AG's Report, para 20

# Formal minutes

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**Wednesday 29 October 2003**

Members present:

Mr Edward Leigh, in the Chair

Mr Richard Bacon  
Jon Cruddas  
Mr Ian Davidson  
Mr Brian Jenkins

Mr David Rendel  
Jim Sheridan  
Mr Alan Williams

The Committee deliberated.

Draft Report (Film Council: Improving access to, and education about, the moving image through the British Film Institute), proposed by the Chairman, brought up and read.

*Ordered*, That the Chairman's draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 20 read and agreed to.

Conclusions and recommendations read and agreed to.

Summary read and agreed to.

*Resolved*, That the Report be the Forty-seventh Report of the Committee to the House.

*Ordered*, That the Chairman do make the Report to the House.

*Ordered*, That the provisions of Standing Order No. 134 (Select Committees (Reports)) be applied to the Report.

Adjourned until Monday 10 November at 4.30 pm

## Witnesses

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**Wednesday 7 May 2003**

*Page*

**Sue Street**, Department for Culture, Media and Sport, **Mr John Woodward**, Film Council, and **Mr Adrian Wootton**, British Film Institute

Ev 1

## List of written evidence

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Film Council

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Film Council

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## List of Reports from the Committee of Public Accounts Session 2002–03

First Report	Collecting the television licence fee	HC 118 ( <i>Cm 5770</i> )
Second Report	Dealing with pollution from ships	HC 119 ( <i>Cm 5770</i> )
Third Report	Tobacco Smuggling	HC 143 ( <i>Cm 5770</i> )
Fourth Report	Private Finance Initiative: redevelopment of MOD Main Building	HC 298 ( <i>Cm 5789</i> )
Fifth Report	The 2001 outbreak of Foot and Mouth Disease	HC 487 ( <i>Cm 5801</i> )
Sixth Report	Ministry of Defence: Exercise Saif Sareea II	HC 502 ( <i>Cm 5801</i> )
Seventh Report	Excess Votes 2001–02	HC 503 ( <i>N/A</i> )
Eighth Report	Excess Votes (Northern Ireland) 2001–02	HC 504 ( <i>N/A</i> )
Ninth Report	The Office for National Statistics: outsourcing the 2001 Census	HC 543 ( <i>Cm 5801</i> )
Tenth Report	Individual Learning Accounts	HC 544 ( <i>Cm 5802</i> )
Eleventh Report	Facing the challenge: NHS emergency planning in England	HC 545 ( <i>Cm 5802</i> )
Twelfth Report	Tackling pensioner poverty: encouraging take-up of entitlements	HC 565 ( <i>Cm 5802</i> )
Thirteenth Report	Ministry of Defence: progress in reducing stocks	HC 566 ( <i>Cm 5849</i> )
Fourteenth Report	Royal Mint Trading Fund 2001–02 Accounts	HC 588 ( <i>Cm 5802</i> )
Fifteenth Report	Opra: tackling the risks to pension scheme members	HC 589 ( <i>Cm 5802</i> )
Sixteenth Report	Improving public services through innovation: the Invest to Save Budget	HC 170 ( <i>Cm 5823</i> )
Seventeenth Report	Helping victims and witnesses: the work of Victim Support	HC 635 ( <i>Cm 5823</i> )
Eighteenth Report	Reaping the rewards of agricultural research	HC 414 ( <i>Cm 5823</i> )
Nineteenth Report	The PFI contract for the redevelopment of West Middlesex University Hospital	HC 155 ( <i>Cm 5961</i> )
Twentieth Report	Better public services through call centres	HC 373 ( <i>Cm 5961</i> )
Twenty-first Report	The operations of HM Customs and Excise in 2001–02	HC 398 ( <i>Cm 5961</i> )
Twenty-second Report	PFI refinancing update	HC 203 ( <i>Cm 5984</i> )
Twenty-third Report	Innovation in the NHS—the acquisition of the Heart Hospital	HC 299 ( <i>Cm 5961</i> )
Twenty-fourth Report	Community Legal Service: the introduction of contracting	HC 185 ( <i>Cm 5961</i> )
Twenty-fifth Report	Protecting the public from waste	HC 352 ( <i>Cm 5961</i> )
Twenty-sixth Report	Safety, quality, efficacy: regulating medicines in the UK	HC 505 ( <i>Cm 5962</i> )
Twenty-seventh Report	The management of substitution cover for teachers	HC 473
Twenty-eighth Report	Delivering better value for money from the Private Finance Initiative	HC 764 ( <i>Cm 5984</i> )
Twenty-ninth Report	Inland Revenue: Tax Credits and tax debt management	HC 332 ( <i>Cm 5962</i> )

Thirtieth Report	Department for International Development: maximising impact in the water sector	HC 446 ( <i>Cm 5962</i> )
Thirty-first Report	Tackling Benefit Fraud	HC 488 ( <i>Cm 5962</i> )
Thirty-second Report	The Highways Agency: Maintaining England's motorways and trunk roads	HC 556 ( <i>Cm 5962</i> )
Thirty-third Report	Ensuring the effective discharge of older patients from NHS acute hospitals	HC 459 ( <i>Cm 6016</i> )
Thirty-fourth Report	The Office of Fair Trading: progress in protecting consumers' interests	HC 546 ( <i>Cm 5962</i> )
Thirty-fifth Report	PFI Construction Performance	HC 567 ( <i>Cm 5984</i> )
Thirty-sixth Report	Improving service quality: Action in response to the Inherited SERPS problem	HC 616 ( <i>Cm 5963</i> )
Thirty-seventh Report	Ministry of Defence: The construction of nuclear submarine facilities at Devonport	HC 636 ( <i>Cm 6016</i> )
Thirty-eighth Report	Department of Trade and Industry: Regulation of weights and measures	HC 581 ( <i>Cm 5963</i> )
Thirty-ninth Report	A safer place to work: Protecting NHS hospital and ambulance staff from violence and aggression	HC 641 ( <i>Cm 5963</i> )
Fortieth Report	Improving social housing through transfer	HC 590 ( <i>Cm 5963</i> )
Forty-first Report	Modernising procurement in the Prison Service	HC 676 ( <i>Cm 6016</i> )
Forty-second Report	A safer place to work: Improving the management of health and safety risks to staff in NHS trusts	HC 704
Forty-third Report	Fisheries enforcement in England	HC 752
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Forty-fifth Report	Protecting public health and consumer interests in relation to food: the Food Standards Agency	HC 708
Forty-sixth Report	Ministry of Defence: Building an air manoeuvre capability: the introduction of the Apache helicopter	HC 533
Forty-seventh Report	Film Council: Improving access to, and education about, the moving image through the British Film Institute	HC 685

The reference number of the Treasury Minute to each Report is printed in brackets after the HC printing number



# Oral evidence

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## Taken before the Committee of Public Accounts

on Wednesday 7 May 2003

Members present:

Mr Edward Leigh, in the Chair

Mr George Howarth  
Mr David Rendel  
Mr Gerry Steinberg

Jon Trickett  
Mr Alan Williams

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SIR JOHN BOURN KCB, Comptroller and Auditor General, further examined.

MR BRIAN GLICKSMAN, Treasury Officer of Accounts, HM Treasury, further examined.

### REPORT BY THE COMPTROLLER AND AUDITOR GENERAL:

#### Improving access to, and education about, the moving image through the British Film Institute (HC 593)

##### Examination of Witnesses

*Witnesses:* **Sue Street**, Permanent Secretary, Department for Culture, Media and Sport (DCMS), **Mr John Woodward**, Chief Executive Officer, Film Council (FC) and **Mr Adrian Wootton**, Acting Director, British Film Institute (*bfi*), examined.

**Q1 Chairman:** Welcome to the Committee of Public Accounts. Today we are looking at the Comptroller and Auditor General's report on improving access to, and education about, the moving image through the British Film Institute. We welcome Sue Street, John Woodward, the Chief Executive of the Film Council and Adrian Wootton, the Acting Director of the British Film Institute. Perhaps I could start with some questions to Mr Woodward. May I ask you to look at paragraph 1.1 on page 11, which basically sets out the history of the Film Council, and ask you how you know you are getting value for money from the funding you give the *bfi*?

**Mr Woodward:** Value for money as far as the *bfi* is concerned works for us through the operation of a funding agreement whereby we agree a series of objectives with the *bfi*. Those objectives are worked through on a month to month basis. The funding agreement is underpinned by a set of management accounts and the *bfi* reports to the Film Council monthly with management accounts and key performance indicators. The Film Council works regularly with the *bfi* on management meetings and the chair of the British Film Institute is on the Film Council board. So what you have in the background is a way in which the Film Council and the *bfi* operate as stakeholder partners, but there is clear oversight of the *bfi* by the Film Council.

**Q2 Chairman:** Have you done any up-to-date evaluation of what people are actually getting out of *bfi* activities?

**Mr Woodward:** Over a period of time the *bfi* has—and the report points this out—undertaken a variety of different levels of market research on its activities.

The Film Council has essentially, in its first two to three years of operation, allowed the *bfi* and indeed encouraged the *bfi* to push forward on a range of different objectives all of which play directly to the objectives set for the Film Council by DCMS. We are now coming to a point of review and we are in the process, with the recent appointment of a new chairman of the *bfi* and a new director of the *bfi*, of undertaking a fundamental review of the Institute itself and that review will look at *bfi*'s priorities and its direction for the future.

**Q3 Chairman:** A fundamental review may well be in order. If we look at paragraphs 2.7 to 2.15 on pages 15 to 17, we can see that the trend for many of these activities is not particularly healthy. What are you doing to reverse the downward trend in numbers attending some of these? Let us look at some of this. For instance, the National Library: falling numbers; we know the History of the Moving Image—numbers were down by half before it had to close; the Moving Pictures exhibition apparently not being shown very much, National Film Theatre (NFT) has a subsidy of £12 per place on top of the ticket price. It is not very healthy is it? IMAX, which is really a tourist attraction, which should be making a profit, is barely breaking even. Are you satisfied with this state of affairs?

**Mr Woodward:** I am satisfied with some of the activities *bfi* is undertaking in terms of their performance. I would point out, just to balance that and then to address the issues you raise—because the report makes these criticisms, sets them out and I shall happily respond to them—that it is also worth

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bearing in mind, that the take-up of opportunities of the *bfi*'s activities over the last five years overall has gone up by 25%.<sup>1</sup>

**Q4 Chairman:** How much of that is the same people going round in circles?

**Mr Woodward:** Difficult to say at the moment. There is a core and loyal audience of the National Film Theatre.<sup>2</sup>

**Q5 Chairman:** Let us look at the National Film Theatre. Numbers down originally from 300,000 in the early 1980s to 220,000 now. That is not very satisfactory, is it?

**Mr Woodward:** I would point out to the Committee that the NFT audiences have actually gone up by 13% over the last five years.

**Q6 Chairman:** Yes, but it is down from the early 1980s, is it not?

**Mr Woodward:** Absolutely it is. That is a reflection mainly of the arrival of the video recorder and DVD and the range of films which the NFT was able to offer unopposed in the early 1980s has started to vanish as people have moved to home entertainment.

**Q7 Chairman:** Exactly.

**Mr Woodward:** The NFT has worked much harder over the last four or five years to get those numbers back up and it has actually succeeded rather well I would submit to you.

**Q8 Chairman:** Why should the taxpayer, why should Mr Steinberg's taxpayers in County Durham, pay for a narrow stratum of society in London to go to the National Film Theatre? What are his taxpayers in County Durham achieving, with 220,000 receiving a subsidy from the taxpayer of £12 per visit to see old films? Why should the taxpayer pay for this?

**Mr Woodward:** There is a policy objective at work here which is handed to us by the Department, which is an acceptance that film is perhaps the most important art form of the twentieth, going into the twenty-first, century, that the ability of customers and the general public in the UK to see a broad range of films outside the kind of product which is readily available at multiplexes is becoming increasingly hard and the NFT exists to provide a cultural experience for taxpaying citizens and to subsidise that activity in a way that the private sector, and the market, left to its own devices, will not do.

**Q9 Chairman:** Is this the only way you are doing it? Why do you have such a complex organisation? The Department, the Film Council, the *bfi* are all struggling to produce highly subsidised places in central London. Are there not cheaper ways of subsidising people's interest in old films?

**Sue Street:** There are of course many other ways that the *bfi* makes its films available, through DVDs, through videos. Something that we are very glad to see now and which is relatively new, which is the result of the Film Council's efforts, are the regional screen agencies and subsidies to local cinemas to make digital technology available. I do think they have to move out into all localities. The NFT is one of the outlets and the *bfi* have done quite well in reversing recent trends although, as you say, it is still down on the 1980s.

**Q10 Chairman:** Do you think it is necessary for the taxpayer to subsidise this activity in central London, given that nowadays, compared with the early 1980s there are numerous ways in which people can access new films? Switching on the BBC at 2.30 in the afternoon is a good example.

**Mr Woodward:** It is important to bear in mind that whilst the report accurately points out that the majority of the activities that the *bfi* itself operates are available mainly to people in London and the South-East, the *bfi* is a national film agency and it does have a UK reach. It is worth bearing in mind that film bookings for films which have been delivered out of the *bfi*'s NFT and put out into the regions procured 630,000 customers last year. The *bfi* regularly runs regional touring programmes drawn from the very detailed and expert seasons of films which it puts on at the National Film Theatre, in addition to touring the London Film Festival, the UK's largest film festival, and the London Lesbian and Gay Film Festival, both of which go round the country. The *bfi* supports the booking of specialist and art house films in cinemas around the country and it provides non-theatrical releases, that is video and DVD releases of specialist films which are otherwise unavailable. That is before one even starts to think about what the *bfi* is doing on its website.

**Q11 Chairman:** What about IMAX? IMAX is just a pure tourist attraction. This is not a great old art form which needs to be protected. Why do we have to have any subsidy at all of IMAX? I know it is small but it should be making good profits, surely? It is a tourist attraction. It should be run by the private sector, should it not?

**Mr Woodward:** Mr Wootton might like to comment on the precise details around why IMAX is taking a very small subsidy, as you point out. I would restrict myself to saying that IMAX is a particular and very intense form of cinema experience which is unlike any other and there is a good argument for making sure that the British public has an opportunity to see it. The IMAX is used sometimes to provide commercial product, which often goes to balance the more cultural and educational projects which are delivered in the IMAX cinema and to cross-subsidise them.

**Q12 Chairman:** I shall now turn to Mr Wootton, who is obviously dying to come in. He is bursting to defend the *bfi* and has a perfect right to do so. Look please at Figure 5 on page 18, which I suppose is probably the most important figure in this

<sup>1</sup>Note by witness: Over the last five years: *bfi* films booked up by 59%; *bfi* video/DVD sales up by 169%; book sales up by 35%; and use of website up by 382%.

<sup>2</sup>Note by witness: Research shows that there is little crossover between user groups.

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document, where we can see the various subsidies which are going to activities and that is where I get my figure of the subsidy of £12 for every admission to the National Film Theatre and a small subsidy for IMAX. Are you convinced that you are targeting public subsidy at the right activities or that public subsidy is being targeted at the right activities?

**Mr Wootton:** The answer is yes, I do believe we are targeting our public subsidy at the right activities. That does not mean that we should not review that, it does not mean that we do not have to look for other ways to reduce subsidy, to supplement subsidy with private partnerships, to look at new forms of technology which can bring that subsidy down. I do believe that the balance of activities that the *bfi* undertakes and the way that subsidy is apportioned is the appropriate one, subject of course to the fundamental review of the British Film Institute, which will review those priorities to which John Woodward has already referred.

**Q13 Chairman:** Your Gaydon site is dealt with in paragraph 4.12 on page 29. I was rather disturbed to read that some of this archive material you have, which I agree is an activity which nobody in the commercial sector is going to do, is something you should be doing properly and apparently you are not. Some of this is rotting away.

**Mr Wootton:** I would not agree that we are not doing this properly. In fact for the majority of the material, the valuable material which has been stored in Gaydon, we have actually built, through the support of the Heritage Lottery Fund, only in the last year or so, new state-of-the-art purpose-built vaults for the most valuable nitrate material. Yes, the material is not all stored in ideal conditions.

**Q14 Chairman:** Why not?

**Mr Wootton:** Because of the fact that we have to prioritise the way in which we store material —

**Q15 Chairman:** So this is one activity which nobody else can do and for which you are responsible and you are not doing it properly.

**Mr Wootton:** No, I would say that we are doing it properly within the framework of the resources we have.

**Q16 Chairman:** Perhaps if you did not waste so much subsidy on showing ancient black and white films in central London which can be got elsewhere you might be able to do this job properly, which nobody else can do.

**Mr Wootton:** In terms of the National Film Theatre, I would say that I believe it is a very important priority for the British Film Institute and in terms of that figure of subsidy you referred to, the £12, that does include not just people attending the National Film Theatre in London but it does include all the other regional activity we engage in. There are four touring programmes a month going out to anything up to 60 or 70 cinemas across the UK from the National Film Theatre. That £12 includes a very large variety of regional activity as well.

**Q17 Chairman:** Are you satisfied that the Film Council is doing what it sets out to do, which is developing a sustainable film industry and developing film culture? Are you satisfied with what they are achieving?

**Sue Street:** It is doing very well from a standing start three years ago. The report makes clear that the Department sees the objectives of developing a sustainable commercial industry and the objectives of promoting culture as inter-dependent. We obviously need to attract the audiences for tomorrow and to identify talent. It has done a number of specifics which really helps so far. It has cleared up the landscape: so it has British Screen Finance, it has the Film Commission, it has the distribution of lottery funds all under one roof and I think that is helpful for the industry and for us. It has made some very good decisions on which British films to support. It has invested in films like *Gosford Park* or *Bend it Like Beckham*, which have brought us a good reputation and have recouped over £8 million to plough back in. It has the credibility of the commercial industry and that is obviously very important. It is very responsible for the industry. Sir Alan Parker, the chairman, made a keynote speech last November, where he explained that the focus of the Council now needed to shift from supporting production towards far more support for distribution. That is making a difference. I have mentioned the work in the regions, to which I, and I am sure this Committee, attach huge importance, where the digital funding for local cinemas and the regional screen agencies bring commercial and cultural objectives together. Perhaps I should also mention that it has also clarified the role of the *bfi* because it is now clearly in the business of delivering quality services to promote access to culture. That is not to say it is not all perfect, it is not to say there is no room for growth, but it is a very good start.

**Q18 Jon Trickett:** Paragraphs 1.9 and 1.8 are referring to the Film Council's review in relation to the *bfi*. Why is this necessary if you feel quite reasonably content with the work which has been done?

**Mr Woodward:** Because the *bfi* has reached the end of a natural cycle. The last time the *bfi* looked at itself properly was in 1998-99 and it embarked on what was essentially a five-year programme of activity, which is complete. There are also some very big questions which the *bfi* needs to ask itself about its future, particularly given the enthusiasm of the Institute itself and its board of directors to create a new public face for the *bfi*. We need to sit down, reflect, take stock across all of the areas of *bfi* activity as to what has gone well, what has gone badly, where we should reprioritise, how we can do things better. It is in the natural order of things, as it is right and proper that public bodies should do that every five years or so.

**Q19 Jon Trickett:** It is also true that you have failed to exercise your duty to scrutinise them properly, is it not? The first point in paragraph 1.9 says that there

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has been insufficient evaluation of the *bfi*. In fact the information was not there for you to do the evaluation.

**Mr Woodward:** I would refute the suggestion that we have not overseen or had proper oversight of the *bfi*.

**Q20 Jon Trickett:** Did you agree this report?

**Mr Woodward:** I agreed with the report.

**Q21 Jon Trickett:** So you agree that there has been insufficient evaluation by the *bfi* of the impact of its activities and that you have had incomplete information. You do not have complete information about how the *bfi* spends its grant.

**Mr Woodward:** In the first three years of the Film Council's activities, what we effectively did was to carry over the old DCMS funding agreement, which I readily admit—and the report accurately says—was focused fundamentally on the operational activities of the *bfi*. We were aware of the limitations of that funding agreement and we have been working over 2001-2002 to develop new performance indicators and this process was going on when the National Audit Office came in to look at the *bfi*. We discussed this with the *bfi* and we wanted the NAO report to help inform us as we set up a new monitoring unit, which we did in the summer of 2002, which has refined the evaluation methods we used across all the areas—not just *bfi*—across all the areas of the Film Council's funded activity and we are now in a position where the objectives of the *bfi* align with the objectives of the Film Council and the DCMS and, most importantly, to address your point, we are in a position where we have key performance indicators which are focused on the impacts and not just the activities the *bfi* undertakes.

**Q22 Jon Trickett:** Without figures you do not have the management information to do a proper evaluation even now. Paragraph 2.17 clearly indicates that a large amount of costs are aggregated to the centre which should actually be distributed appropriately across the various activities.<sup>3</sup> I just want to ask you about management costs and development costs. Out of a budget of £15 million, £1.6 million central costs sounds like a very large amount of money. Mr Wootton, how much do you spend on evaluating the Film Council, because I want to establish the true management costs? There is £1.6 million, then a further £600,000 in capital and contingencies. I am referring to page 18, table 5. It is £2.2 million in central costs. What does it cost you in addition to that to monitor the *bfi*?

**Mr Woodward:** We estimate that it costs 1% of grant in aid; 1% of £14.5 million.

**Q23 Jon Trickett:** Of your grant.

**Mr Woodward:** Yes, of our grant.

**Q24 Jon Trickett:** So £140,000.

**Mr Woodward:** That is correct. That is an apportionment of management time at the Film Council.

**Q25 Jon Trickett:** How much does Sue Street spend on evaluating you?

**Sue Street:** We reckon about £300,000 in total.

**Q26 Jon Trickett:** So £300,000 from you, £140,000 from you and £1.6 million from you?<sup>4</sup>

**Mr Woodward:** Yes.

**Q27 Jon Trickett:** Is this appropriate? If I had an organogram of this and looked at the structure of this and followed the flows of money, which are the lifeblood of any organisation—watching the money go round the veins of an organisation tells you a lot about it—I put it to you that the management costs relating to this particular activity are somewhat higher because of the complex institutional structure we have created, is it not?

**Sue Street:** May I take the question on structures? It is an issue for DCMS with 65 non-departmental public bodies how best to structure our oversight of various sectors. The current structure here mirrors what is in place through the Arts Council, to its other bodies, through the Sport England to its other bodies and is the product of a 1997 review of how best to do it. The Film Council is actually quite lean: it is 85 people. What we want to see, and I am sure the Committee will tell us if they agree we are doing it as best we can, is that money and the expertise and the added value I have just mentioned, that the Film Council add, then flow to *bfi* in a very informed way. That is how the money is channelled and that is why the Film Council is very lean and adds value. On the £1.6 million, it is clear and we ought to acknowledge and I certainly do that the introduction of resource accounting is going to make a big difference to how these subsidies are calculated. What you do not see here are the overheads and staff costs and from this month's funding agreement we will. That means the £1.6 million actually covers rather more than we might be able to show you.

**Q28 Jon Trickett:** I can see that. You say you spend a bit more than £100,000 looking after the *bfi*, yet they are not producing management information from which you can determine the precise cost for each activity. I rather think that you are not operating very efficiently, Mr Woodward, in terms of supervision of Mr Wootton's outfit.

**Mr Woodward:** I would respond by saying that I accept the shortcomings of the previous funding agreements, but I would repeat my previous point that the new funding agreement, introduced from 31 March this year, actually asks and requires the *bfi* to disaggregate the management information in the

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<sup>3</sup>Note by witness: Subsidy costs do include central and overhead costs. The £1.6 million referred to is made up mainly of development projects and some capital spend.

<sup>4</sup>Note by witness: £1.6 million are not costs for monitoring or managing.

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way the National Audit Office is suggesting. It has performance indicators for the *bfi* which are targeted to dig down and work out what the unit cost of every transaction is and to tie those transactions to particular performance indicators which mean things in the real world rather than how many feet of film have been processed by the National Film Archive.

**Q29 Jon Trickett:** I am sorry not to give Mr Wootton a chance on this but there are some issues there which in my mind need to be clearly addressed. I do not think the report identifies all the administrative costs which have come out in the questioning just now. I want to move onto a different area of questioning which is about the identification of an audience. I represent former mining communities, which is a culture which is being destroyed gradually or is disappearing—I would actually say destroyed by our society. I do not want to argue that there should not be a Lesbian and Gay Film Festival—I certainly do not want to argue that at all—but I just have the impression that here is a metropolitan elite institution which is catering to particular sectors of the population which clearly are oppressed minorities, gay people, black people and so on. You are not really getting to the regions at all, not in a serious way. You are not really addressing the needs of many other minority cultures, some of which are disappearing really quite rapidly. You are not addressing those kinds of audiences in any way, are you?

**Mr Wootton:** I would say that we are addressing those audiences. Could we do better? Can we do more? Absolutely we can in terms of the example you have given, in terms of the Lesbian and Gay Film Festival. This year that will actually tour to over 100 cinemas around the UK.

**Q30 Jon Trickett:** How many cinemas are there in the UK?

**Mr Wootton:** There are something in the region of 600 with different screens. I do not have an exact figure.<sup>5</sup>

**Q31 Jon Trickett:** There are only 600 cinemas in the whole of the UK?

**Mr Wootton:** With multiplex screens; there are many more screens than that. To take that example, that is absolutely an example of an event which is not restricted to London.

**Q32 Jon Trickett:** I accept maybe you are touring the Lesbian and Gay Festival. What I am asking is what you are doing to address lower socio-economic groups' needs for example, in terms of targeting them as an audience. I just do not think you are even monitoring it.

**Mr Wootton:** We have said in terms of the evaluation of our activities that we recognise we are not doing sufficient evaluation. We are going to do more and there is a whole area in terms of different

audiences, in terms of social exclusion, in terms of cultural diversity that we are beginning to focus on in terms of cultural diversity. We have been doing an extraordinary amount of work just over the last year. The report refers to the large-scale UK-wide *Imagine Asia* project. That was the first stage in the development of our cultural diversity and social inclusion project. We are moving on and the second year of our new strategy is going to be focused particularly on areas around disability. We are not only going to be doing research into those areas, but we are doing a whole variety of different projects, from hosting disability film festivals, which will tour, to doing things in terms of producing educational resource packs and videos which are going to be available UK-wide. This is a systematic process. I am not saying we have developed appropriate programmes of activity for every audience in the UK and certainly not every socially excluded one.

**Q33 Jon Trickett:** Does the report not clearly say that the audiences are mainly in the south and south-east? It clearly says that. You have produced no evidence whatsoever that you are getting to what you might call mainstream social groups, large social groups, working class groups, manual workers, people in the regions and elsewhere, other than in a marginal way. That is just the truth of the situation to date, is it not? I want to ask you this: with whom do you discuss the type of audience you are going to address over the next three-year period? It seems to me that you are a self-serving metropolitan elite and I want to be sympathetic towards you, but I frankly despair, when I read this report, of your capacity to reach out to the nation.

**Mr Wootton:** I do not think we are doing everything we could be doing, but I would not accept that the British Film Institute is simply a self-serving metropolitan elite. There are examples in the report of work we are doing—I have mentioned *Imagine Asia*. That was precisely a project where we did go out and not just foist a particular project on particular audiences, but we had partners throughout the UK, community organisations, grass roots organisations, different kinds of cinemas, different kinds of youth and community centres. That is a model of the kind of project we are determined and committed to developing for the future.

**Q34 Jon Trickett:** Are you really satisfied that the *bfi* are actually reaching out and are a general UK-wide institution? After all, we all pay our taxes, whether we live in the north or whether we are privileged to live in London. Ought not these facilities to be truly UK-wide and not just a marginal activity going out to the provinces once in a while to keep the peasants quiet?

**Sue Street:** I am absolutely satisfied that the staff and the acting director and the incoming director and chairman want to make the riches of the *bfi* more available throughout. There has been a massive increase in what is available over the last few years. The Film Council puts £4.5 million of its grant-in-aid directly to the regions, £3 million of lottery

<sup>5</sup>Note by witness: In 2001 there were 692 cinema sites totalling 3,164 screens. Of these, 224 are multiplexes, making up 2,170 of the total screens.

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funding and then the *bfi* through DVD and video and the digital help. I think they are going in the right direction. I know that they want to do it. I do not think there is an elitist approach in the *bfi* today.

**Mr Woodward:** May I make one important point which is outside the scope of the NAO's report, but is worth bearing in mind to address the point which has just been raised. Sue Street mentioned earlier on the regional screen agencies. After the last review of the *bfi*, the organisation has thought very carefully about what its role is in the regions and what it can and cannot do well. As a result of this, we have set up a set of regional screen agencies which are firmly embedded in the regions across England. There are separate film organisations in Scotland, Wales and Northern Ireland all separately funded and the Film Council invests £7.9 million a year in the screen agencies. They gear that money up further with other private sector and regional development agency funding and increasingly what is happening in the regions is that these types of activities are being run by screen agencies and local stakeholders working in partnership with the *bfi*. The *bfi* has recognised quite rightly that sitting in London and trying to dictate—perhaps to your constituents in the regions—what is good for them and what they should and should not have, is not necessarily the way forward. The creation of the screen agencies has really tried to be a very positive step in the right direction.

**Q35 Jon Trickett:** Perhaps we could have a note about how much administrative costs are involved in that as well.<sup>6</sup> It would be interesting to see how much you are spending on white collar staff rather than film producers or anything else, together with the size of audiences and why we have gone through that particular structure you have just described; a note rather than prolonging my questioning now which has gone on far too long already.<sup>7</sup>

**Mr Woodward:** May I just say that the structure which was set up there was a structure which was set up on the basis of a nine-month consultation process on the ground in the regions? It was something that the regions wanted.

**Q36 Mr Howarth:** I want to concentrate on the same points as have been raised before about regional funding and what happens in the region. I might say I welcome, in the press release we have received dated 2 May from *bfi* announcing its strategic review, the fact that one of the core areas for investigation is the role of the *bfi* as a UK-wide agency and how its activities contribute to the delivery of wider Film Council and government objectives. That is a good starting point. I was also interested in paragraph 2.6 on page 13 which covers this area. I wanted to start by asking how, from the Department's point of view, Sue Street views the

importance of regional centres? Mr Woodward just used a phrase which escapes me about regional centres.

**Sue Street:** Screen agencies.

**Q37 Mr Howarth:** How does that all fit together? Although I have read the report and have listened to what has been said so far, I am not quite sure how that fits into a coherent picture.

**Sue Street:** I hope that I mentioned the regional screen agencies almost in my first breath in answer to the Chairman, because we view it as an extremely important part of what we look to the Film Council to do, which is to bring together the objectives of promoting film culture, exciting people, identifying talent all across the country with the commercial objectives which also have to be met in the regions, so helping local cinemas to increase their audiences, which they are doing. In terms of the regions actually growing the kind of film industry and promoting a film culture that the Department wants to see, they are crucial. That is why, in a sense, the amount of resource going in both from the Film Council's grant-in-aid and the lottery is quite significant. What we are seeing through the digital fund is practical help. What we are seeing through things like *First Light*, which has helped 4,000 young people across the country to get excited about filming with new technology, is that sort of genuine interest which you cannot just get by pouring money into things. It is imaginative and it is certainly crucial to our objectives.

**Q38 Mr Howarth:** May I move to Mr Wootton to develop that point slightly further? There is a newly opened organisation/centre in Liverpool, which I assume is a regional screen agency, called Fact. Is that one of the regional screen agencies you are talking about?

**Mr Wootton:** Fact is not a regional screen agency. Fact is a multi-purpose arts organisation with a large focus on film and media which the *bfi* was instrumental in the development of; in fact we actually provided development funding for that at the very genesis of the project and are working now with it and supporting it, including supplying film materials and film programmes to it.

**Q39 Mr Howarth:** What is its relationship? Could you be a bit clearer on whether there is a relationship or whether it is an independent organisation?

**Mr Wootton:** It is an independent organisation. It is not owned or managed by the British Film Institute. Like a variety of existing and important new developments, it has a partnership with the British Film Institute where we provide educational materials for it, we provide film materials, film programmes, touring programmes, individual film titles and appropriate advice should it need it on those areas.

**Q40 Mr Howarth:** My observation would be, although I have not visited Fact myself I know members of my family have, that there does seem to be anecdotal evidence that there is an upsurge in

<sup>6</sup>Note by witness: The cost is approximately £133,000 or 1.7% of our expenditure.

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interest in attending events which take place there. If that is not the regional screen agency which covers my areas, what is?

**Mr Wootton:** There is a regional screen agency which covers Liverpool and Mr Woodward may be able to give a more detailed answer to that. There is a regional screen agency which covers Liverpool, but Fact is actually a specific organisation doing activities.

**Q41 Mr Howarth:** I accept that.

**Mr Woodward:** The regional screen agency for your constituency would be North West Vision.

**Q42 Mr Howarth:** I have never heard of it.

**Mr Woodward:** It is relatively new. It was publicly launched, I think I am right in saying, three to four months ago and Fact is a stakeholder partner and works with North West Vision. Perhaps the best way to think of the regional screen agencies is as mini-regionalised film councils. Each screen agency undertakes a range of different objectives, all of which play to the Department's and Film Council's objectives. The local screen agencies would tend to subsidise a small number of local cinemas to show the kind of product you would not find in your local cinemas, to make sure those kinds of films are available, quite often working with the British Film Institute who would be supplying particular films. The screen agencies could be running educational programmes quite often attached to local cinemas; the screen agencies would quite often fund a local film archive. It is important for the Committee to bear in mind that in addition to the work of the National Film Archive which holds the nation's big collections, increasingly there are numbers of local film archives which contain films about local history, which are very important and play rather well in local communities. One can look at what one's high street looked like 100 years ago and put those films occasionally into local cinemas. On that basis local archives tend to be funded by local screen agencies. The local screen agencies would also invariably offer location support. When a commercial movie—Harry Potter or whatever it might be—wants to come to shoot on location in a particular region, they would help clear the ground, get permissions, deal with local red tape and bureaucracy and clear that away. Usually, but not always, the local screen agencies would have a first line mechanism to encourage first time film makers and local talent to make, usually short films, on very low budgets, but to encourage local talent, which one day might flower, into working in the professional film industry. I hope that helps.

**Q43 Mr Howarth:** That is a lot clearer. I would simply make the observation—I do not expect a response—that it might be helpful if they let themselves be known more to people in the region, not just Members of Parliament but others. I do try to keep an eye on what is going on, but it passed me by. The other point I wanted to explore was the relationship between local or regional screen agencies and the newly developing film industries, in

some regional cities at any rate. I know Liverpool is quite a lively place at the moment for film making. You did mention that they helped in scouting locations and so on. Could a bit more be said about what that function involves?

**Mr Woodward:** Certainly. Liverpool has played host to two films you will probably be familiar with, where Liverpool has in a sense been a central character in both cases, over the last couple of years. One is a film called *Revenger's Tragedy*, directed by Alex Cox. Alex is a native Liverpoolian and he makes it his business by and large to operate out of Liverpool, to draw his crew from there, and the people he works with, and wherever possible to shoot relatively low budget films in Liverpool. At roughly the same time as Alex Cox was making *Revenger's Tragedy*, a much larger film called *51<sup>st</sup> State* was shooting in Liverpool, starring Samuel Jackson, which was a big scale "shoot-em-up" film. Both of those films, incidentally, were co-financed and made possible using Film Council money; we invested in both those pictures. The issue, in terms of local film economies, is quite a complicated one and I regret to say goes back to the questions which were being asked by Mr Trickett earlier on and really relate to the cold hard fact that the commercial film industry in Britain is essentially focused in London and the south-east around the big Pinewood, Shepperton, Levesden studios and the big post-production facilities houses which tend to be in or around London. The challenge for the Film Council is, through the regional screen agencies, to help the building of areas of industrial activity for film production outside London. That is a core objective of each of the regional screen agencies, but no-one is deluding themselves, it is going to be an uphill struggle. When all is said and done, this is geographically a small country and the ability of people to get on a train and go to London, where most of the action is around the film industry is a very, very powerful deterrent.

**Q44 Mr Howarth:** What is the purpose of *Sight and Sound*?

**Mr Wootton:** The purpose of *Sight and Sound* is to be an academic film magazine fulfilling a place in the market which does not otherwise exist. It is effectively the only magazine published in the UK which gives extensive breadth and depth both to the whole range of world cinema and to archive and historical cinema in a way no other commercial magazine does.

**Q45 Mr Howarth:** Where do you see it fitting into the greater scheme of things in terms of the *bfi*'s objectives?

**Mr Wootton:** In terms of the *bfi*'s objectives to offer education, contextualisation about the whole of film culture, *Sight and Sound* is one of the activities we support in order to provide informed journalism, informed academic pieces about a whole range of different kinds of cinemas, much of which is material we also release on video and DVD or screen in the National Film Theatre or tour around the country.

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**Q46 Chairman:** You can get *Sight and Sound* from W H Smith now, can you not?

**Mr Wootton:** Yes, you can.

**Q47 Chairman:** Why is it necessary to have a subsidy of 22p per copy?

**Mr Wootton:** In fact the subsidy for *Sight and Sound* has been going down. It actually operates on a break-even basis now and its subsidy is just reflected in the fact that we provide office space for it, but in terms of its actual cost, it used to be subsidised by over £50,000 a year and as a result of re-engineering and a more aggressive advertising policy, we reduced that subsidy down to pretty much break-even.

**Q48 Chairman:** What does it do that other film magazines do not do?

**Mr Wootton:** Basically it commissions articles about areas of world cinema, about areas of historical cinema, which would not otherwise appear in any UK publication.

**Q49 Mr Steinberg:** I have to say to the three of you that on reading this report it will take a lot to convince me that most of the schemes are good value, regardless of your actual performance. From what I have heard this afternoon in some of your answers, I am not convinced at all; in fact I am even less convinced. The second thing which struck me in the report, was why the taxpayer pays at all. Considering the vast sums of money which are made by people in the film industry, certain individuals in the film industry, why do they not pay for it? Why should J K Rowling who writes Harry Potter and makes millions out of the films, and I do not object to her making this, not contribute? Why should Hugh Grant not contribute from the millions he makes out of the rubbish he does? On BBC television you have people like Barrymore who are paid £1 million. Why can they not contribute? Why do they not contribute and put something back into the industry which is giving them an obscene fortune?

**Sue Street:** I guess that is one for me. The logic is that some of the superstars, the big earners in all fields, contribute through their taxes. So in a sense that is the way the exchequer takes account.

**Q50 Mr Steinberg:** We all contribute through our taxes but that is irrelevant.

**Sue Street:** Yes, but I hope Hugh Grant contributes more than most of us. That is the logic of where their big profits are ploughed back. I completely understand why you would question this. It is a judgement about what we stand to gain from promoting and assisting a vibrant film industry. You get the same sorts of arguments for assisting any industry through government. The *bfi* already earns about 50% of its income through commercial activity, so it is always a question of how much you balance taxpayers' subsidy with income generation. We are always looking for more income generation prospect.

**Q51 Mr Steinberg:** That is not answering the question though, with great respect. What we are talking about is a subsidy of something like £20 million<sup>8</sup> to this organisation which in terms of expenditure is virtually nothing compared with some of the things we see in front of us which run into billions of pounds. On the other hand, these people themselves are almost earning that much money a year; Rowling herself must earn that a year. Why can she not contribute something to it? Why is that not written into contracts?

**Sue Street:** I would have to be advised on the tax position for J K Rowling.

**Q52 Mr Steinberg:** I am not talking about tax, I am talking about a contribution from them to their own industry.

**Sue Street:** I certainly understand the point.

**Q53 Mr Steinberg:** People should perhaps look at it.

**Sue Street:** I would just set out that we do need a vibrant film industry for jobs for the future and that is where the government subsidy comes in.

**Q54 Mr Steinberg:** Jobs are always the comeback line, as though millions of jobs are given to everybody. I shall come onto that in a minute when I have finished my questioning on how and where films are made. Have a look at page 18. The Chairman looked at this figure, but he did not go into great detail. I should be very interested to know what some of these things mean. For example, I am interested in the first five or six. It begins with "research viewings" and the net subsidy for each access opportunity is £123.78 and £168,000 in total. What does that actually mean?

**Mr Wootton:** What that means is specialist access to the collections of the National Film and Television Archive.

**Q55 Mr Steinberg:** By whom?

**Mr Wootton:** By academics, researchers.

**Q56 Mr Steinberg:** So an academic comes along and he asks to see the archives and out of my taxes I pay a contribution of £123 for him to do that.

**Mr Wootton:** He pays something as well.

**Q57 Mr Steinberg:** I do not care how much he pays. He should pay the lot. Why should I pay for that?

**Mr Wootton:** From our point of view, the reason we have research viewings is that it is an obligation of ours to make that available so people can write about film history and can research into film history. It is an important part of making a particular kind of access.

**Q58 Mr Steinberg:** It is not important at all. It is irrelevant. It is somebody doing some academic work who comes along to you and you find something for him, or you allow him to go in to research, to do some viewings and the taxpayer ends

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<sup>8</sup>Note by witness: £20 million to Film Council of which £14.5 million goes to the *bfi*.

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up paying £123. What does “cataloguing enquiries” mean and £84 every time that is done? What does that mean?

**Mr Wootton:** That is when somebody asks to examine a particular aspect of *bfi*'s cataloguing of all its material to research particular film material we may hold.

**Q59 Mr Steinberg:** So somebody comes along and asks to see a film or see something about a film and we all pay £84 for the pleasure of him or her doing that.

**Mr Wootton:** That is the cost of the subsidy. I would say that there is a very rigorous selection process in terms of the types of researchers we make the research viewings available to and the cataloguing enquiries.

**Q60 Mr Steinberg:** Why can they not pay for it themselves? Why should we subsidise it?

**Mr Wootton:** If we were to pass on the direct costs of that activity to everyone who did it, effectively we would be excluding people from access to our collections rather than including.

**Q61 Mr Steinberg:** Who would you be excluding?

**Mr Wootton:** Excluding people whom we believe —

**Q62 Mr Steinberg:** I wonder how many of my constituents have been along to access it. Who accesses it? Give me some example of who accesses it. Professor So-and-So of So-and-So University?

**Mr Wootton:** It would be a variety of people. Yes, it would be film historians, it would be academics, it would be journalists, it would be critics, a whole variety of different people. It may be a film maker researching a particular film.

**Q63 Mr Steinberg:** If he is doing that why should he not pay for it? Why should we pay for it?

**Mr Wootton:** They do pay fees. I am not saying those fee levels are high enough. I am saying also that the reason the subsidy for research viewings is so high at the moment is because it is an extremely labour intensive process. One of the things we are looking at in terms of new technology is moving away from research viewings where people actually have to watch films, to where we can transfer the material digitally and then people can look at digital videotape of the material, which will reduce that cost dramatically, which is another part of our forward looking strategy.

**Q64 Mr Steinberg:** That still has nothing to do with the fact that they are getting subsidised for doing it, nothing at all. I think you get my drift. We will move on. “*Moving Pictures* admissions, £28.88.” What does that mean?

**Mr Wootton:** That was the net subsidy cost relating to the exhibition that the British Film Institute developed and which went to Sheffield.

**Q65 Mr Steinberg:** For everybody who went to see that my constituents helped by paying £28 for every person who went in.

**Mr Wootton:** For that one presentation, which was the first place it has gone, yes. The plan is that that exhibition is going to be touring further. It has been broken down into smaller modules and its costs will be amortised over a longer period of time. That is what the subsidy is now, but as it moves and tours around in different modules to different centres, that subsidy cost will reduce.

**Q66 Mr Steinberg:** That is great to hear. Just going down this list, the National Film Theatre admissions are subsidised by £12 a visit. We will come onto that in my next questions. If we turn to page 21, paragraph 3.5, Mr Trickett touched upon this and frankly the answers you gave him did not satisfy me. Let me quote it “... *bfi* audiences have a strong bias towards those living in London and the South East, and having above average incomes. And, whilst the *bfi* appears to be reaching diverse audiences in terms, for example, of ethnicity or sexual orientation, very few young people take up access opportunities such as those offered by the National Film Theatre”. In other words, rich, minority groups are subsidised to go to the National Film Theatre.

**Mr Wootton:** As I indicated in my previous answer, that material is being made available and circulated throughout the UK. Do I think it is good enough in terms of the range of audiences across the board at the National Film Theatre? No, I do not. Certainly in terms of —

**Q67 Mr Steinberg:** You are not really answering the question. You are flanneling quite honestly. What I say to you is: how do you justify £12 a time when I do not have a cinema in Durham, my constituents are not necessarily very rich, certainly I would not have thought the vast majority of them are diversely sexually orientated, but they have nowhere to go to see a film because the cinema is closed down because it was worth more on the open market for development. How can you justify subsidising that and my constituents are paying for it who cannot go to the pictures on a Saturday night if they want to?

**Mr Wootton:** I would not —

**Q68 Mr Steinberg:** Why do you not put some money into my constituency?

**Mr Wootton:** From the British Film Institute's point of view, and we have said this on a number of occasions, we do believe that there is a place and a purpose for a national cinemateque for the National Film Theatre, making films available, which otherwise would not be available, not just old black and white films, not just archival classics, but material from across the world which would not be available otherwise. That material is toured around the UK.

**Q69 Mr Steinberg:** It is astounding. My constituents cannot go to see the most recent film which has been released. I have not been to the pictures for years and I am not interested, to be honest. On the other hand, I suspect thousands of my constituents are interested. Would you subsidise

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somebody to go to see an old black and white film which they can see on BBC1 or BBC2 at two o'clock in the afternoon? It seems incredible.

**Mr Wootton:** That is not the largest proportion of the material from the National Film Theatre. Yes, we do show a lot of archive film and a lot of black and white films, but we also show a whole range of culturally diverse cinema from all over the world which would not otherwise be available to UK audiences. We do make those films available across the UK. I accept what you are saying about local cinemas and that there needs to be more investment in local cinemas and commercial cinemas.

**Q70 Mr Steinberg:** Where is the regional screen agency for my constituency?

**Mr Wootton:** There is a regional screen agency which I believe is based in Newcastle but covers the Durham area.

**Mr Woodward:** In a sense to go back over some of the previous ground around not only the screen agencies but also the points Sue Street was making much earlier on about the developing plans at the Film Council's end to extend the range of films which are on offer, we are in the process of taking responsibility for a £15 million package of capital funding from the Arts Council of England. When we were set up as the Film Council a proportion of capital funding for film related activities stayed with the Arts Council and the intention is to put together a screen network around the UK which will enable the delivery on a regular basis of a more diverse range of films. I cannot be sure, and I could come back to you after this hearing, where your constituency would precisely fit into that. The plan is to get that network up and moving in the next 12 to 18 months.

**Q71 Mr Steinberg:** Could I suggest that if I ask the chief executive of my local authority to contact you he could look forward to receiving some sort of grant from you?

**Mr Woodward:** He could look forward to a sensible and serious conversation, absolutely.

**Q72 Mr Steinberg:** I am not interested in sensible and serious conversations, I am interested in screens to show Harry Potter in my constituency.

**Mr Woodward:** I should be happy to take that up with him.

**Q73 Mr Rendel:** I want to take up one or two things following on from Mr Steinberg's questions. I am looking again at Figure 5 on page 18. I do not think you told us actually what you did charge people for the first three of those headings there, "research viewings", "cataloguing" and "access to special collections".

**Mr Wootton:** There are different charging policies for each of those areas. To give you one example, the "research viewings" costs £12 per hour to look at specialist material in the *bfi*'s headquarters, requesting an archive, if you are a *bona fide* researcher. That is one example. The fees for "cataloguing enquiries" varies depending on how

much information you actually require from us and how much work we have to do. There is a variable scale of charges. "Access to special collections" is primarily free at the point of entry, depending on the nature of the material. There are different charging policies for each of those areas.

**Q74 Mr Rendel:** You said *bona fide* researchers for the "research viewings". Do you make any differentiation between researchers from this country and researchers from abroad?

**Mr Wootton:** We do not make a blanket distinction. It is true to say that the overwhelming majority of research viewings are for British researchers, British academics, British writers, British film makers and it is a much, much smaller percentage for foreign usage. I would say it is probably no more than 2% or 3% in terms of international access. It is primarily for British academics and British researchers.

**Q75 Mr Rendel:** Nevertheless the number of students we have from abroad is not that great, but we certainly charge them more than we charge our own students in our own universities. You would think that for research work you might want to charge differently, depending on whether you are talking about people from this country or people from abroad.

**Mr Wootton:** Yes and that is a very good point. It has not been a significant issue for the British Film Institute because it is primarily academic institutions which will refer their research graduates or professors to the British Film Institute and it is a very limited number. In terms of the charging policy, that is certainly something we would review.

**Q76 Mr Rendel:** You were also talking about the possibility of people about to make new films coming to look at some of your archive material. I should have thought that on the whole if somebody is making a new film, they probably have a reasonable sized budget and could probably afford more than £12 per hour to look at your material.

**Mr Wootton:** That again is a reasonable proposition. In terms of "research viewings" it is much less likely that is the case. It is more likely to be "cataloguing enquiries". What happens with "cataloguing enquiries" is that once we determine the nature of the material, if, for example, they then wish to utilise that material or wish to gain a copy of it, then, subject to the copyright ownership of that material, we will charge clip fees and these are a source of quite significant revenue for the British Film Institute in terms of clip sales, which we can broker between ourselves and the copyright holder, for material which may be held in our collections.

**Q77 Mr Rendel:** May I turn now to Figure 7, four pages on, on your research on the characteristics of existing customers? I am interested to see that you appear to know absolutely nothing about people with disabilities in terms of your customers.

**Mr Wootton:** The reason that has all of those crosses is not because we do not now wish to work and develop work with disabled and special interest

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groups, that is because the *bfi* set down a clear three-year strategy in terms of its cultural diversity and social inclusion policy. The first year it was determined we were going to spend our time and resources particularly on ethnic minority audiences, black and Asian audiences. Year two, which is this financial year we have just entered is focused specifically around work with disabled and special interest groups. There is a research programme which will be working with a whole variety of disabled groups and different organisations, engaging in consultation with them, together with a variety of activities, a disability film festival, a disability resources and education pack for schools and colleges to tie in with the year of disability. We are also actually having disability interns in the British Film Institute, working with the staff in the different departments this year. It is a very major focus this year and in terms of the research, that is just reflected in the fact that it is this year when that focus is really kicking in.

**Q78 Mr Rendel:** It is perhaps unfair to ask you this question, but what is being done to ensure access to films, in the first instance perhaps to those with a hearing impairment?

**Mr Woodward:** It is a matter of public record that we announced recently at the Film Council a pilot programme, again connected with the capital money we work with through the Arts Council, to run the first ever detailed pilot scheme to test out a variety of new technologies in cinemas for people who are profoundly deaf, hard of hearing or blind or partially sighted. There are now new technologies in terms of audio description and soft sub-titling and a variety of different mechanisms coming onto the market which we want to test to see which works best for consumers and then, over time, subject to cost, what we want to do is to think about ways of subsidising the introduction of that technology into certain venues. We think that is a legitimate use of public money. The second point I would make is less to do with the Film Council and the *bfi* and is simply covered by legislation. You will be aware that the Disability Discrimination Act kicks in thoroughly in 2005 and the cinema exhibition sector in the UK is thinking very carefully at the moment about the provisions it is going to have to make by 2005 to ensure that disabled access into cinema is in a much better shape than it is at present.

**Q79 Mr Rendel:** As far as those with hearing disabilities are concerned, clearly sub-titling has been available for some time. What have you been doing to ensure that sub-titling makes film available to those with hearing impairment?

**Mr Woodward:** At the moment that has been left to the market essentially to provide that.

**Q80 Mr Rendel:** Why? Why have you not done anything yourselves?

**Mr Woodward:** The truthful answer to that is because we are a relatively new organisation and we are coming round to it at this point. Whenever we invest in a film, in terms of having money, Film

Council backed funding, into any feature film, it is a matter of contract that the distributor and the producers of the film have to ensure delivery of all of the technical soundtracks and description soundtracks on a digital format and indeed to deliver at least one print which is hard sub-titled for use in cinemas. What we need to be very careful of, and this relates back to the pilot project I talked about, is to make sure that any policy we put in place which is about subsidising equipment in the future is technologically foolproof and we do not get into the position where we, crudely, spend a lot of money buying Betamax when the rest of the world is about to go VHS.

**Q81 Mr Rendel:** I understand that you put out a news release in August last year saying that all DADS would be sub-titled in future for hearing impaired people. Is that still going on?

**Mr Wootton:** Yes, it is. In terms of our DVDs and video materials, a key part of our policy is to make the DVDs and videos sub-titled.

**Q82 Mr Rendel:** Have all of those which you have been putting out since August last year been sub-titled?

**Mr Wootton:** Yes, as far as I am aware.

**Q83 Mr Rendel:** I have some information that that may not be true. You may like to check that in case it is not correct.

**Mr Wootton:** I will check that and provide a note to that effect.<sup>9</sup>

**Q84 Mr Rendel:** What about those with visual impairments? Obviously it is difficult to talk about film and visual impairment but what is being done to help those with visual impairment?

**Mr Wootton:** The only thing I can add to what Mr Woodward was saying, but in terms of visual impairment, is that last year we ran at the National Film Theatre a pilot in terms of the disability film festival where we made a whole variety of technical adjustments to our facilities so that we could actually welcome people with visual impairment with particular special hearing information describing what was going on on screen. That pilot was very successful. We shall be repeating that this year and we hope to be able to do more of those kinds of screenings over the coming years.

**Q85 Mr Rendel:** That is in terms of your own screenings. Perhaps one of the others would like to say what is being done to persuade the industry as a whole to make its film more available to those with visual impairment in the same way as Mr Wootton has been describing for some of his films.

**Mr Woodward:** It is fair to say that the industry is watching very carefully how our pilot programme goes. The pilot programme includes within it technology around what is called audio description, whereby, through a wireless earphone mechanism a

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<sup>9</sup>Note by witness: 100% of all foreign language DVD releases are subtitled. 50% of English language features have English subtitling as additionality.

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very detailed and quite clever system has been designed which can be locked and time coded against the projection of the film. So an audio description of the events which are taking place on screen can be given to the customer while they are in their seat. This is important. What research suggests is that going to the cinema is not only about what you see, but the social aspect and the shared experience of going to the cinema with others is important and we hope the technology of audio description is going to solve that problem over time. I have to go back to my first point, which is that we need to be very careful to make sure we get it right and the pilot scheme which we shall be conducting over the next year is very, very important in that regard.

**Q86 Mr Rendel:** What effect will the ending in 2005 of the section 48 tax concession have on the film industry?

**Sue Street:** Firstly, just on the previous question, to make it clear, we expect from our funding agreement at the broad level, a clear delivery on disability access objectives. So it is not that I do not share that objective, but we look to the Film Council on the specifics. On this question, the tax concession has been something which was very important to the industry. We shall be discussing with the Treasury the merits of how that is worked out, whether something similar would be advisable or not. If there are no tax concessions whatsoever, that will be a knock for the industry and something they will ---

**Q87 Mr Rendel:** Are you looking in particular at the difficulty that may create for people trying to break into the industry for the first time?

**Sue Street:** Exactly, we are particularly interested in the early entry and it is under very serious discussion at present.

**Q88 Mr Rendel:** May I continue with one or two other questions on the archive material? How soon is all the archive material going to be catalogued?

**Mr Wootton:** The archive material cataloguing programme will depend to a large degree on the outcome of the fundamental review of the *bfi* in terms of prioritising the work of the archive. If we were to take the existing backlog as it is now, which the NAO report indicates is something in the region of 20 to 25% of the collections, that is 125,000 titles. If we were to say all of that material was a priority to be catalogued and accessed into the collection on the basis of existing priorities, it would take approximately the same length of time as the Heritage Lottery Fund project, that is about five years.

**Q89 Mr Rendel:** How much would have decayed into an unusable state by that time?

**Mr Wootton:** The backlog is not primarily backlog of nitrate material, it is actually backlog of safety stock material and TV material. That is a very clear distinction I must make. The 125,000 titles is primarily safety stock material which has not been

catalogued and made accessible into the collection. That material is in excellent safety storage, so the decay is negligible for that material.

**Q90 Mr Rendel:** Can you assure us that the fact that you have not catalogued and have not looked through quite a lot of what you have does not put at risk any of the material in terms of losing for ever stuff which is irreplaceable?

**Mr Wootton:** No. I can give that assurance. In terms of the cataloguing backlog, it is safety stock material and TV material which is in good storage which is not at risk of being lost.

**Q91 Mr Rendel:** So the only risk is that you know some of the stuff, it is catalogued, but it is nevertheless decaying. Is that what you are saying?

**Mr Wootton:** There is nitrate material to which the Chairman referred in terms of our storage at Gaydon, the majority of which has been duplicated onto safety stock and the most valuable material has been put into new storage, paid for by the Heritage Lottery Fund. Some of that nitrate stock, which has been duplicated, may be at risk because of the fact that it is nitrate. The overwhelming majority of the actual backlog is safety stock, which is not at risk.

**Q92 Mr Rendel:** The other thing I do not quite understand about the archive is that you are given most of the stuff voluntarily but the ownership is retained by the original owner who gives it to you. What are you gaining out of that? Why do they not just have to pay for the storage?

**Mr Wootton:** There is a large volume of material which is not within the copyright ownership of the British Film Institute. There is material which is; there is material which is out of copyright, material we have inherited. The original reason that material was collected was because the copyright holders, where they existed, were not preserving and looking after that material at all, in fact the commercial policy of most of the film industry, when the archive was formed in the 1930s, was to destroy whole swathes of extremely valuable material. The nitrate negatives of some of the most famous films ever made were destroyed and this was wide-scale vandalism which in actual fact is the reason the archive came into existence. We gathered a lot of material because basically the copyright holder at the time did not think it had any value at all. We, recognising its value to film history, did collect it, did preserve it.

**Q93 Mr Rendel:** But nevertheless left the ownership with the original person. I am surprised that if at that time you thought it was valuable and they did not, you did not just say "Give it to us if you like. If you don't want it, give it to us and we'll put it away somewhere". You take over the ownership of it, which would then have given you all the copyright rights and so on.

**Mr Wootton:** Unfortunately we were not able to do that with the majority of material.

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**Q94 Mr Rendel:** Why not if they thought it was not valuable?

**Mr Wootton:** They did not think the actual nitrate material was valuable, but they remained the copyright holders of the material and we were not able to claim the copyright for it.

**Q95 Mr Rendel:** Do you now? If they were letting it go to rack and ruin and just wasting it, I do not quite understand. You seem to have had quite a strong negotiating position. Somebody thinks something is worthless and is about to let it decay into nothing. You say you do not think it is entirely worthless, so you are prepared to store it for them and pay all the storage costs, yet you get nothing out of them by way of taking over the rights to it.

**Mr Wootton:** I was talking about the beginnings of the archive.

**Q96 Mr Rendel:** Do you now get something? If you accept something voluntarily now from somebody, do you always insist on having copyright passed over at the same time?

**Mr Wootton:** We have what we call donor agreements, which basically means that if we work on material on behalf of copyright holders they pay us for working on that material if we restore it. We have particular kinds of usage rights, we share copyright in materials and we develop commercial partnerships, yes. The situation has moved on quite dramatically since we first started collecting material.

**Mr Rendel:** I am glad to hear it.

**Q97 Jon Trickett:** I want to try to widen the perspective slightly. I was struck by a phrase in the news release which has gone out about the strategic review, point five has a striking phrase which talks about the archive collection, preserving and restoring and sharing the film and television programmes which have helped to shape and record British life and times. I thought the words “British life and times” was an interesting expression. If you look at the situation in France, where large amounts of money are going into the film industry, it is really about trying to look after cultural hegemony, something which we seem to play along with in British cinema to some extent. I wonder how much you see yourselves as being interested in preserving and even developing and enhancing British culture rather than trans-Atlantic pap and the cultural hegemony which we seem to be falling under, not only with Macdonald’s in Leicester Square, but all of our TV, film and cinema seems to be really for the American market. We have to have an American star or starlet or whatever in the films we are producing. The French would not take such a view at all. They would want not only to insist on French language, which we would expect, but also French culture. Why are British taxpayers subsidising trans-Atlantic pap then?

**Mr Woodward:** May I leave Mr Wootton to answer that in the context of the archives collection policy, but I will happily talk about the film industry? As far

as the British film industry is concerned, we are quite unique. We have essentially two different types of film industry running simultaneously in the UK: one is focused on making culturally significant British stories which reflect the diversity of what goes on in Britain. Every now and then when we are lucky, one of those turns into *Bend it like Beckham*, or *Four Weddings and a Funeral* or *The Full Monty*. Alongside that industry, we have another industry which is in the business of film production, but because we share the same language as the US, we have turned ourselves into an extremely valuable inward investment base around the studios of Pinewood, Shepperton, Levesden and the post-production centres in Soho, where we are essentially facilitating the making of big American financed pictures. All of those processes is essentially about jobs and investment and building up a manufacturing industry in quite an old-fashioned sense.

**Q98 Jon Trickett:** And is largely self-financing, is it not? Should that not be left to the private sector?

**Mr Woodward:** It is essentially left to the private sector. The only thing the Film Council does is run a dedicated inward investment unit whose entire job is focused on making sure that the big budget mainly American pictures go into Britain rather than Australia or Canada or Prague. I would suggest that is a very valuable resource for the British film industry as well as where we invest lottery money around films.

**Q99 Jon Trickett:** I was asking why we are not trying to use the money which is available and the resource and expertise you have for British culture?

**Mr Woodward:** We are; we absolutely are.

**Q100 Jon Trickett:** You seemed to focus on the former point rather than the latter in your response just then?

**Mr Woodward:** I am sorry if it appeared that way. That was the order in which the two different aspects came out.

**Q101 Jon Trickett:** Are you able to provide a brief note to the Committee about the relative positions of France and Britain?<sup>10</sup> I should be interested to know. I think it would provide a background for the kind of analysis we might be doing. Are you able to say where you stand philosophically as *bfi* in relation to British—with the emphasis on the word “British”—film? When I look through this report I see *Citizen Kane*, all those wonderful films, absolutely wonderful films—and I, unlike my friend over here, am actually very interested in film as a form of cultural reproduction—but would you mind focusing on the British part.

**Mr Wootton:** To start with the overwhelmingly largest proportion of the collection of the archive is British material. It is British film, effectively the entire history of British cinema from 1895 to the present day. It is British television programmes,

<sup>10</sup>Ev 16–17

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 Department of Culture, Media and Sport, the Film Council and the British Film Institute
 

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hundreds of thousands of British television programmes, British television productions. It is British non-fiction, amateur film, *avant-garde*, advertising material. We have, as we should have—and that is a core responsibility of our archive—the world's most important and comprehensive collection of celluloid videotape, whatever format it is on, of British material and our responsibility is to make that available and to preserve it for our nation, to preserve it for future generations and to make it available through every channel we can. British cinema is regularly showcased throughout every activity we do, from our education packs, through to the videos and DVDs, through to the work of the National Film Theatre. Our acquisition policy for the archive is very clearly focused on British material. We only take material from another culture, from another country, if it is very valuable and rare material where there is no-one else to whom we can pass that responsibility. If someone contacts us with a Hollywood movie, we will say no, that is the responsibility of an American archive or an American film company. That is a very clear policy of the British Film Institute and is absolutely at the core of what we do.

**Q102 Jon Trickett:** Are you trying to foster the national and regional and other identities within Britain and record those as well? Is that part of your projects?

**Mr Wootton:** It is absolutely vital to us. Mr Woodward talked earlier on about the regional archives and we are sponsors of a regional archive forum where we bring the different regional archives together to share experiences, and we will undertake particularly complex conservation work which the regional archives cannot do themselves. We will have a whole variety of different ways of doing those kinds of things. It is critical, absolutely critical to what we do and what we believe in doing.

**Q103 Mr Steinberg:** I want to go down the line of what has been asked by Mr Rendel and Mr Trickett. The part of the report which I felt was the most valuable part of the report and the most useful role you had was in fact the archive section. For example, I recently watched on television two episodes of *Dad's Army* which were made 30 or 40 years ago and had been found and restored and put out on the television. Lots of classical television has been lost. One of the funniest comedians I think I have ever seen was Al Read and I understand he made loads of recordings but every one of them has been lost because they never bothered to look after the film or keep the film. Can you give us a guarantee that, if things do turn up, such as *Dad's Army* and other

ones, they are safe now once they are in your hands? If you read the report, you do not get that impression. The report gives the impression that you are struggling to put money into this side of the business.

**Mr Wootton:** I can give you an unqualified guarantee in terms of the material you referred to and in terms of the television material. You gave the example of *Dad's Army*. The British Film Institute were instrumental in launching a project in association with the BBC called *Missing believed wiped*, which was a worldwide campaign to try to find missing television material and we were instrumental in helping to locate some of that material and to preserve it and restore it. That is an absolutely core responsibility of the British Film Institute and I am confident that we are able to deliver on that responsibility.

**Mr Steinberg:** That seems much more sensible than subsidising somebody going to see a film, for example in IMAX. If I want to go to watch a football match, nobody subsidises me, but they get subsidised if they go to see a film. It seems a bit unfair to me. If you are giving us guarantees that money is being put forward or kept for that sort of function, that is fine.

**Chairman:** I think that is it. Thank you very much, we are very grateful for your evidence. Of course it is very true, as has been said by Mr Steinberg, that in terms of public subsidy, this is a minnow compared to our normal work, but it is quite useful for this Committee to examine topics occasionally which do not impact very largely on the public exchequer. It is very important that wherever people are in Whitehall, they know that the searchlight of this Committee may seek them out. Certainly I for one found this a very interesting hearing. Both from this report and from this hearing today, you will have gathered from the questions which have been asked of you, that the Committee does remain profoundly sceptical of a lot of your work—no doubt this will be reflected in our report—sceptical of the degree of subsidy which is going to the National Film Theatre and the smaller subsidy going to IMAX. Worried also about just how effective your work in the archives is. This is particularly brought out in paragraph 4.12, where in this sample of 80 cans the *bfi* found mould to be visible on 53% of the reels of film examined and evidence of decomposition was found in 26% of the reels. We are also worried about the complicated structure. You have the Department overseeing the Council overseeing the Institute. These are all matters of great interest to the Committee which we shall return to in our report. Thank you very much.

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**Supplementary memorandum submitted by the UK Film Council**

**UK FILM COUNCIL AND THE ENGLISH REGIONS—A NOTE ON HOW THE EXISTING REGIONAL STRUCTURE WAS CREATED**

Question 35 (Jon Trickett)

**BACKGROUND**

In January 2000 a nine month, England-wide consultation programme was carried out by the UK Film Council to determine a structure for film-related activity support in the English regions. This consultation was undertaken as widely as possible with input from the industry, community media and audience groups. It comprised four elements—

- A national seminar
- Nine regional seminars
- Sector meetings
- A call for written evidence

The programme was designed to be as inclusive as possible and ran from 1 April—31 August. In total about 500 people participated most of whom represented a wider stakeholder group.

**THE CONSULTATION FOUND**

- Planning frameworks between the regions themselves and between the regions and centre were underdeveloped
- The regions wanted control of their destiny and the opportunity to express their achievable and realistic intentions
- The strong need to recognise the different history, character and legitimate aspirations for film in the English regions
- A widely held belief that in terms of Government resources for film the English regions had fared badly in relation to Central London
- That despite good intentions opportunities for excluded groups to the industry were limited
- Some of the new and overlapping administrative boundaries in the English regions did not easily foster, or reflect a sense of national identity
- Overall the film sector in England was fragmented and lacked common purpose
- A planning framework in the regions was still underdeveloped

**RECOMMENDATIONS**

That UK Film Council working with the partners in the regions should move to restructure arrangements for film in order to create:

- A structure that took account of the differing regional characteristics and needs
- Organisations that could work in a genuinely grassroots fashion and offer opportunities to all
- A structure that encouraged regional initiatives and could work with partners locally
- Ability to feed regional aspirations and priorities into national policy
- An overview of industrial and cultural concerns

**ACTION TAKEN**

Taking these findings groups in each region worked with the UK Film Council to find a solution and structure that would best meet these requirements. Ultimately each region elected to form a single agency comprised of previously disparate groups often working in isolation and competing for similar resources. This ensured a more streamlined and cost effective organisation cutting down on central administrative overheads and duplication of work, while offering an organisation delivering strategic overview of all activity in the region.

This has meant the formation of nine Regional Screen Agencies which support through UK Film Council and other resources; cinema exhibition; education; film archives; industry training; production; and screen commissions

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 THE REGIONAL SCREEN AGENCIES

- Are efficient organisations with local and industry knowledge who plan and work strategically across film and moving image activity
- Work with networks and utilise local expertise
- Secure additional external resources for local development ie from European and RDA sources
- Work with UK Film Council departments to offer opportunity across England and joined up thinking in national initiatives
- Work together as Screen England to promote England in areas where it makes sense ie to save resources or plan collective activity

29 May 2003

**Further supplementary memorandum submitted by the UK Film Council**

PUBLIC FUNDING OF FILM IN FRANCE AND THE UK—A COMPARISON

INTRODUCTION

In the course of taking oral evidence from the DCMS, the UK Film Council and the British Film Institute, the Committee of Public Accounts asked for a brief note about the relative positions of France and Britain in respect of the aims and operation of public funding for film. In this note we set out the similarities and differences between the French and British approaches.

THE FRENCH AND UK APPROACHES TO THE PUBLIC FUNDING OF FILM ARE SIMILAR

In 2001, public funding for film in France totalled €545.9 million (£342 million). This compares with a figure for the UK—including the value of the tax breaks for UK film production—of approximately €217.8 million. Table 1 shows how this expenditure was broken down for the two countries.

PUBLIC FUNDING OF FILM, FRANCE AND THE UK, 2001

<i>in euros (millions)</i>	<i>France</i>	<i>UK</i>
Development	4.5	10.5
Production	432.7	165.4
Distribution	19.3	0.5
Export/Promotion	7.6	3.9
Collections	6.1	12.6
Exhibition	61.3	14.7
Education	6.4	9.4
Other	8.0	0.7
<b>TOTAL</b>	<b>545.9</b>	<b>217.8</b>

*Sources:* CNC, UK Film Council

The level of public funding in France, therefore, is two-and-a-half times what it is in the UK. The way the money is allocated, though, is broadly similar: In France, 80% of the funding goes to support production, versus 75% in the UK. France spends more on distribution and exhibition; the UK spends more—as both a percentage and in absolute terms—on development, collections (eg archives) and education. In two areas, comparison is more difficult: training and production facilities. In France, training is not the responsibility of the film bodies as it is in the UK and it has not been possible to quantify the level of expenditure on film-specific training. Unlike the UK, France supports production facilities; most of the €8 million shown as “Other” relates to such support.

The Committee has noted that the French approach to the public funding of film “is really about trying to look after cultural hegemony.” It is certainly the case that the foundation of French film policy is the protection and promotion of French culture, but the means whereby this policy is pursued involves maintaining a strong French film industry. This in turn entails subsidising the whole value chain for film, not only film production *per se* but also the production facilities sector (the so-called “industries techniques”—the studios, the film labs, post-production etc.), the exhibition sector (funding for building new cinemas and refurbishing existing ones not to mention the running costs of cinemas), distribution (notably the cost of prints), film export and promotion.

Thus the difference in approach between France and the UK is more rhetorical than the practical. The UK system has a strong cultural component: the support for collections and for education—largely channelled through the British Film Institute but also administered by the Regional Screen Agencies in England and

the national film bodies of Scotland, Wales and Northern Ireland—and for exhibition (the national and regional film theatres in particular) is entirely cultural. The support for production is vital to the creation of all British films and especially the films that celebrate cultural life and experience in the UK-

#### THE PRINCIPAL DIFFERENCE IS THE ROLE OF THE TELEVISION BROADCASTERS

But the major difference between France and the UK is the source of public funding for film. The vast bulk of French film funding (60%) comes from the broadcasters, and nearly half of the broadcasters' contribution (€145 million) comes from the two pay-television operators, Canal + and TPS. Therefore, to a determining extent, the public funding of film is a function of a public service broadcasting ethos, in other words, what the PAC referred to as "cultural hegemony."

By the same token, the manner in which the money is distributed—effectively re-distributed, from the rightsholders of American films to the rightsholders of French films—means that the recipients are, to a large degree, the large, French-owned vertically-integrated, industrial firms, notably Gaumont, Pathe, UGC and the broadcasters themselves. The striking and profound difference between the French and the LTK systems is the presence of such firms in France, and their absence in the LTK (and, in particular, the almost total absence in the UK of broadcasters' involvement in cinema).

The conclusion to be drawn from the way the Centre Nationale de la Cinematographie (CNC)—the French equivalent of the UK Film Council—represents the French audiovisual sector is that the main goal of French audiovisual policy is the maintenance of an economically-strong and diverse film industry as a precondition for a vibrant Film culture. Thus a striking trend is the extent to which the French film landscape is increasingly dominated by the larger budget films: over the past five years the number of lower budget films (€1-5 million) has fallen from 94 to 63, while the number of higher budget films (greater than €5 million) has risen from 35 to 57.

Increasing prominence is given within French film policy to the so-called "French Hollywood" film producers, the most prominent of which is Luc Besson's Europa Coip. Producing 4-6 films a year, with average budgets around the €20 million-mark; in 2002 his films captured 30 million admissions out of a total of 185 million. The vision of French film policy is of French films being increasingly successful in foreign markets: since 1995, the number of admissions to French films achieved in international markets has risen from 16.2 million to 41.8 million; the most successful French film internationally is Luc Besson's 1997 *The Fifth Element* with 33 million admissions outside of France; this was an English-language film (number 49 in the French post-1945 box office, with 7.7 million admissions in France). In 2002, two French films stood out in international markets, Luc Besson's *The Transporter* and Roman Polanski's *The Pianist*, both English-language. The encouragement of this trend has resulted in French films earning perhaps 20% of their revenues from overseas (a very rough estimate of the comparable figure for British films is 50%).

Given the problems posed by European law for national governments that subsidise national industry, it is unsurprising that the rhetoric of French film policy often dwells so strongly on the cultural rationale—the defence of its culture and language against US-led global culture (and the English language). But the reality of that policy—a sustainable film industry able to operate successfully in a global market—is perhaps not so different to that of the UK Film Council.

19 June 2003