

British film, high-end television and animation programmes certification, half year (H1) 2014

BFI Research and Statistics Unit

24 July 2014

1. Key Points

- UK spend and total budget for final certifications for film were the highest for H1 2007- H1 2014, being £697 million and £1,095 million respectively. UK spend was almost 64% of total budget.
- Interim certification for film also had the highest total budget and UK spend of the period, a UK spend of £708 million and a total budget of £1,060 million. UK spend was 67% of total budget.
- A total of 13 high-end television programmes received final certification under the cultural test in H1 2014, with a UK spend of £79 million and a total budget was £82 million. UK spend was 96% of budget.
- In H1 2014, 23 high-end television programmes received interim certification under the cultural test. These programmes had a total UK spend of £248 million and a total budget of almost £300 million.
- There were 14 animation programmes with interim certification under the cultural test in H1 2014, with an expected UK spend of over £40 million (74% of total budget) and expected total budget of £54 million.

2. Feature film certifications

2.1 Certification – numbers and values

A total of 127 films received final certification in H1 2014, the highest of any half year in the time period (H1 2007-H1 2014). The majority, 118, were Cultural Test films and the remaining 9 films were certified as co-productions (Table 1).

The total UK spend and budget of films with final certification in H1 2014 was £697 million and £1,095 million respectively. As with the number of films this is the highest level in the time period, although UK spend, as a percentage of budget, was lowest since 2008, at 64%. The majority of the UK spend and budget were from films certified under the cultural test: UK spend at £684 million was 98% of total UK spend (62% of total budget for all films) and total budget for cultural test films, at £1,068 million was 98% of total budget for all films. Note that these data are for final certifications, so include films produced over the previous one to three years.¹ Cultural Test films include high budget UK/USA films as well as low budget UK films, so the aggregate budget is influenced by the number and timing of inward investment UK/USA productions. Co-production films had a much smaller UK spend and budget at £12.2 million and £26.9 million respectively, but this was an increase from £7.4 million and £20.2 million in H1 2013.

Significant titles receiving final certification in H1 2014 included *One Direction: This Is Us*, *Maleficent*, *Alan Partridge: Alpha Papa* and *The Last Days on Mars*.

¹ The latest production statistics are published separately in *Film production in the UK, first half year (H1) 2014*.

Table 1: Final certifications for film, H1 2007 to H1 2013

| Type of certification | Q1 2007 | Q1 2008 | Q1 2009 | Q1 2010 | Q1 2011 | Q1 2012 | Q1 2013 | Q1 2014 |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|
| Cultural test | | | | | | | | |
| Number | 42 | 37 | 71 | 74 | 93 | 91 | 88 | 118 |
| UK spend £m | 92.3 | 176.4 | 158.4 | 528.7 | 419.9 | 492.0 | 160.9 | 684.4 |
| Total budget £m | 113.2 | 299.7 | 202.6 | 574.2 | 670.8 | 685.6 | 186.3 | 1,068.2 |
| UK spend as % of budget | 81.5 | 58.8 | 78.2 | 92.1 | 62.6 | 71.8 | 86.4 | 64.1 |
| Co-production | | | | | | | | |
| Number | 42 | 2 | 6 | 13 | 11 | 5 | 7 | 9 |
| UK spend £m | 98.5 | 8.8 | 20.2 | 38.0 | 43.6 | 10.6 | 7.4 | 12.2 |
| Total budget £m | 284.0 | 12.7 | 44.7 | 75.7 | 73.1 | 20.1 | 20.2 | 26.9 |
| UK spend as % of budget | 34.7 | 69.3 | 45.3 | 50.1 | 59.6 | 52.9 | 36.7 | 45.3 |
| All types | | | | | | | | |
| Number | 84 | 39 | 77 | 87 | 104 | 96 | 95 | 127 |
| UK spend £m | 190.8 | 185.1 | 178.6 | 566.7 | 463.5 | 502.6 | 168.4 | 696.6 |
| Total budget £m | 397.2 | 312.4 | 247.3 | 649.9 | 743.9 | 705.7 | 206.5 | 1,095.0 |
| UK spend as % of budget | 48.0 | 59.3 | 72.2 | 87.2 | 62.3 | 71.2 | 81.5 | 63.6 |

Source: BFI

'Total Budget' in the case of Cultural Test films is the sum of production activity in the UK and production activity outside the UK; in the case of Co-productions it is the sum of investments made by all participating countries in the film.

H1 is the first half of the year, ie 1 January to 30 June.

Interim certifications give an indication of the future level of official UK film production. Table 2 shows the numbers, UK spend and production value of films receiving interim certification in H1 2007-H1 2013. As with final-certified films, the number of interim-certified films was the highest of the time period at 103. The number of cultural test films was also at it highest at 95, whereas the number of co-productions was at the same level as H1 2013, with 8 films.

The expected UK spend of interim-certified films was £712 million and total budget was £1,064 million, both were the highest of the period. The majority of the expected UK spend and budget was from films certified under the cultural test, which had a UK spend of £698 million and a total budget of £1,022 million (96% of total budget for all films). Co-productions, as with final certifications, had a much smaller UK spend and budget, at £14 million and £37 million respectively. This was down from £29 million UK spend and £46 million budget in H1 2013 and was the lowest since H1 2007

Under the publication rules agreed between the Department for Culture, Media and Sport and the Certification Unit, titles of films being certified are not released until they receive their final certifications.

Table 2: Interim certifications for film, H1 2007 to H1 2013

| Type of certification | H1 2007 | H1 2008 | H1 2009 | H1 2010 | H1 2011 | H1 2012 | H1 2013 | H1 2014 |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|
| Cultural test | | | | | | | | |
| Number | 49 | 58 | 63 | 63 | 68 | 82 | 88 | 95 |
| UK spend £m | 494.1 | 181.6 | 257.7 | 250.3 | 259.3 | 576.1 | 293.7 | 697.7 |
| Total budget £m | 707.8 | 261.2 | 284.4 | 385.3 | 344.5 | 846.9 | 464.0 | 1,026.7 |
| UK spend as % of budget | 69.8 | 69.5 | 90.6 | 65.0 | 75.3 | 68.0 | 63.3 | 68.0 |
| Co-production | | | | | | | | |
| Number | 8 | 9 | 8 | 11 | 13 | 10 | 8 | 9 |
| UK spend £m | 12.6 | 30.7 | 18.5 | 24.1 | 25.4 | 51.7 | 28.7 | 12.2 |
| Total budget £m | 30.2 | 65.4 | 54.5 | 55.3 | 49.0 | 101.4 | 46.3 | 26.9 |
| UK spend as % of budget | 41.7 | 47.0 | 33.9 | 43.5 | 51.8 | 50.9 | 61.9 | 45.3 |
| All types | | | | | | | | |
| Number | 57 | 67 | 71 | 74 | 82 | 93 | 95 | 103 |
| UK spend £m | 506.7 | 212.3 | 276.2 | 274.3 | 295.5 | 642.9 | 320.5 | 711.8 |
| Total budget £m | 738.1 | 326.6 | 338.9 | 440.6 | 404.8 | 966.7 | 508.5 | 1,064.1 |
| UK spend as % of budget | 68.7 | 65.0 | 81.5 | 62.3 | 73.0 | 66.5 | 63.0 | 66.9 |

Source: BFI

'Total Budget' in the case of Cultural Test films is the sum of production activity in the UK and production activity outside the UK; in the case of Co-productions it is the sum of investments made by all participating countries in the film.

2.2 Budgets

The median budget for interim Cultural Test certifications has been decreasing from 2007 to 2014, with 2013 having the lowest median budget, at £0.7 million (Table 3). Median budget for H1 2014 was just over £0.9 million, being similar to 2011. The highest median budget was £1.8 million in 2007.

Table 3: Median budgets of interim cultural test certifications

| Year | Median budget £m |
|---------|------------------|
| 2007 | 1.8 |
| 2008 | 1.5 |
| 2009 | 1.0 |
| 2010 | 1.1 |
| 2011 | 0.9 |
| 2012 | 1.0 |
| 2013 | 0.7 |
| H1 2014 | 0.9 |

Source: BFI

Interim Cultural Test certifications have only been issued since 2007, when the new film tax relief came into effect.

The 'median' is the middle value, i.e. half the productions have higher budgets than the median; the other half have lower budgets.

Table 4 shows the median budget of interim Co-productions since 2003. In H1 2014 the median budget was £3.7 million. From 2003 to 2011 there had been a downward trend in median budgets, with 2011 having the lowest median budget, at £2.1

million. Median budgets increased in 2012 to £6.1 million, but since then have decreased.

Table 4: Median budgets of interim co-production certifications

| Year | Median budget £m |
|-------------|-------------------------|
| 2003 | 4.3 |
| 2004 | 4.2 |
| 2005 | 4.0 |
| 2006 | 5.1 |
| 2007 | 3.7 |
| 2008 | 4.7 |
| 2009 | 3.3 |
| 2010 | 3.7 |
| 2011 | 2.1 |
| 2012 | 6.1 |
| 2013 | 4.6 |
| H1 2014 | 3.7 |

Source: BFI

The 'median' is the middle value, i.e. half the productions have higher budgets than the median; the other half have lower budgets.

2.3 Co-production treaties

In H1 2014, seven of the eight final co-production certifications were under the European Convention, and the remaining film was under a joint Canada/Ireland treaty. All three interim co-production certifications were under the European Convention.

3. High-end television certifications

3.1 Certification – numbers and values

In this release high-end television programmes (HETV) statistics are reported for H1 2014 only because the legislation procedures for HETV were not completed until August 2013 (despite the relief being backdated to 01 April 2013) and therefore data for first six months of 2013 are not available.

Tables 5 shows the number and value of HETV certified under the cultural test. A total of 13 programmes received final certification in H1 2014, with a UK spend of £79 million (96% of budget) and a total budget of £82 million.

As with film, interim certifications indicate the future level of official UK HETV production. In H1 2014, 23 programmes had a UK spend of £248 million and a budget of almost £300 million.

Table 5 Cultural test certification for high-end television, H1 2014

| Type of test | H1 2014 |
|-------------------------|----------------|
| Final | |
| Number | 13 |
| UK spend £m | 78.7 |
| Total budget £m | 82.3 |
| UK spend as % of budget | 95.6 |
| Interim | |
| Number | 23 |
| UK spend £m | 248.3 |
| Total budget £m | 299.7 |
| UK spend as % of budget | 83 |

Source: BFI

'Total Budget' in the case of cultural test HETV programmes is the sum of production activity in the UK and production activity outside the UK; in the case of co-productions it is the sum of investments made by all participating countries in the film.

There were no final certifications for co-production HETV in H1 2014 and for disclosure reasons data on interim certifications have not been released².

Significant titles receiving final certification in H1 2014 include *Shetland*, *Worricker Trilogy: Parts II and III* and *The Fall 2*.

3.2 Budgets

The median budget of interim Cultural Test certifications for H1 2014 was £7.6 million. For disclosure reasons, a median budget value is not reported for interim co-production certifications.

4. Animation programme certifications

4.1 Certification – numbers and values

As with HETV, in this release animation programmes (ANM) statistics are reported for H1 2014 only because the legislation procedures for ANM were not completed until August 2013 (despite the relief being backdated to 01 April 2013) and therefore data for the first six months of 2013 are not available.

For disclosure reasons data on ANM with final certification under cultural test have not been released. In H1 2014, there were 14 ANM with interim certification under the cultural test, with an expected UK spend of over £40 million (74% of total budget) and expected total budget of £54 million (Table 6).

² See British film, high-end television and animation programmes certification Q1 2014 statistical release for the interim certified HETV co-productions for April 2013-March 2014.

Table 6 Cultural test interim certification animation programmes, H1 2014

| Number | UK Spend £m | Total budget £m | UK spend as % of budget |
|---------------|------------------------|----------------------------|------------------------------------|
| 14 | 40.1 | 54.2 | 74.0 |

Source: BFI

'Total Budget' in the case of Cultural Test animation programmes the sum of production activity in the UK and production activity outside the UK; in the case of co-productions it is the sum of investments made by all participating countries in the film.

No ANM co-productions have received interim or final certification since the introduction of the new tax relief.

Significant titles receiving final certification in H1 2014 include *Mr Bean 2015*, *Tree Fu Tom* and *Thunderbirds are Go*

4.2 Budgets

The median budget of interim Cultural Test certifications for H1 2014 was £3.4 million. As there were no co-productions, a median budget cannot be presented.

Technical notes:

1. British film certification statistics collected and reported by the BFI

The British film certification statistics in this report are based on data collected from the BFI's Certification Unit and the Department for Culture, Media and Sport (DCMS). The data reported are all British films, HETV and animation programmes certified in the reference period, not a sample.

The BFI Certification Unit assesses all British film, HETV and animation programmes certification applications on behalf of the DCMS and makes recommendations to the Secretary of State who signs the certificates. The certificates are then issued by the BFI Certification Unit.

Figures shown in the tables are for British films, HETV and animation programmes certified during the reference periods shown. Certification may occur some time after both the production and theatrical or broadcast release of the film or programme.

2. Definitions

Cultural Test films are British films certified under the cultural test of Schedule 1 to the Films Act 1985. To qualify under this definition, films commencing principal photography on or after 1 January 2007 must pass a UK cultural test awarding points for UK elements in the story, setting and characters and for where and by whom the film was made.

On the basis of recommendations made by the BFI, the Secretary of State grants interim certification prior to the completion of the film to those films that meet the criteria and final certification once the film has been completed and final documents submitted. Under the cultural test, applicants are not obliged to apply for interim certification and can apply just for final certification when the film is complete.

Cultural test high-end television programmes are British television programmes certified under the cultural test of Schedule 16 to the Finance Act 2013. To qualify under this definition, television programmes commencing principal photography on or after 1 April 2013 must pass a UK cultural test awarding points for UK and EEA state elements in the story, setting and characters and for where and by whom the television programme was made.

On the basis of recommendations made by the BFI, the Secretary of State grants interim certification prior to the completion of the television programmes to those television programmes that meet the criteria and final certification once the television programme has been completed and final documents submitted. Under the Cultural test, applicants are not obliged to apply for interim certification and can apply just for final certification when the television programme is complete.

A high-end television programme is a drama (which includes comedy) or documentary production that is intended for broadcast and has core expenditure per hour of slot length of not less than £1 million. The slot length in relation to the high-end television programme must also be greater than 30 minutes. Slot length in relation to a television programme means the period of time which the programme is commissioned to fill.

Cultural Test television animation programmes are British animation programmes certified under the cultural test of Schedule 16 to the Finance Act 2013. To qualify under this definition, animation programmes commencing principal photography on or after 1 April 2013 must pass a UK cultural test awarding points for UK, EEA state and undetermined location and characters in the story, setting and characters and for where and by whom the animation programme was made.

On the basis of recommendations made by the BFI, the Secretary of State grants interim certification prior to the completion of the animation programme to those animation programmes that meet the criteria and final certification once the animation programme has been completed and final documents submitted. Under the cultural test, applicants are not obliged to apply for interim certification and can apply just for final certification when the animation programme is complete.

Official UK Co-productions are British films, HETV programmes or animation programmes certified under one of the UK's official co-production treaties. Interim certification is granted prior to the start of principal photography to films that meet the criteria and final certification once the film, high-end television or animation programme has been completed and final documents submitted. Films, HETV or animation programmes made as official co-productions are not required to pass the film, HETV or animation programme cultural tests.

For full details of the cultural tests, co-productions and other information on British film certification see <http://www.bfi.org.uk/film-industry/british-certification-tax-relief>.

UK spend is the value of production activities in the UK for cultural test films/HETV/animation programmes and UK expenditure for co-productions. The UK expenditure for co-productions may include some expenditure on UK goods and services which takes place outside the UK.

Total production value is the sum of total budget for cultural test films/HETV/animation programmes and total investment for UK co-productions.

Total investment (in relation to co-productions) is the sum of each participating country's investment in the co-production and approximates the production budget.

3. Revisions

As the status and certification dates of individual films, HETV or animation programme may change as a result of changing circumstances, the numbers published in this release are subject to revision. Each release in this series includes revisions of previous quarters, so the latest release should be referred to as the most accurate summation available of the certification numbers.

Pre-release Access

This release has been prepared according to the Code of Practice for Official Statistics published by the UK Statistics Authority. Pre-release access has been granted to the following:

Amanda Nevill, Chief Executive, BFI
Carol Comley, Head of Strategic Development, BFI
Richard Shaw, Director of Marketing, Communications and Audiences, BFI
Nick Mason Pearson, Head of Corporate Communications and Public Affairs, BFI
Emma Hewitt, Head of Press and PR, BFI
Tina McFarling, Media Advisor (Corporate, Partnerships and Industry), Press and PR Unit, BFI
Isabel Davis, Head of International, BFI
James Butler, Department for Culture, Media and Sport
Jane Glastonbury, Department for Culture, Media and Sport
Ken Hunt, Department for Culture, Media and Sport

Statistical contact details

This release was prepared by Alex Tosta, Research and Statistics Unit, BFI,
alex.tosta@bfi.org.uk, tel: +44 (0)20 7957 4815.

(end)