



SCREEN BUSINESS

**How screen sector tax reliefs
power economic growth across
the UK 2017–2019**

Summary report

December 2021

ACKNOWLEDGEMENTS

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FOREWORD

The UK's creative industries are genuinely world-class, projecting our values and influence around the world. And whether it is a small theatre in a market town, an independent cinema or a nationally significant body, they bring joy and enrichment to our day-to-day lives in all our communities.

So, it is great to see that since the last edition of this report in 2018, the UK's unique, world-class creative talent has continued to produce work of the highest quality.

Whether it is with the development of interactive and immersive games such as *Dreams*, award-winning films such as *The Favourite*, the popular animation of *The Gruffalo*, or high-end TV productions such as *His Dark Materials*, the UK creative industries have underlined their positions as global leaders.

2020 and 2021 have been challenging years for the whole country, including our creative industries which are a vital part of the cultural fabric of the UK. That is why the Government stepped in. Alongside the Coronavirus Job Retention Scheme (CJRS) and the Self-Employed Income Support Scheme, which have protected 11.6 million jobs and supported nearly three million self-employed individuals respectively, the Government has launched initiatives such as the £500 million Film & TV Production Restart Scheme, which has helped productions to continue in the absence of insurance for COVID-19 related risks, protecting over 80,000 jobs. The Government is also supporting apprenticeship training, offering employers over 600 employer-designed, high quality apprenticeships to choose from. This includes key roles in the creative sector such as Post-Production Engineer, VFX Artist and Props Technician, helping people of all ages and at all career stages gain valuable skills and retrain.

The Government will continue to support our highly-skilled and innovative creative industries through creative sector tax reliefs. In 2020-21 alone the film, TV, video games, children's TV and animation industries reliefs provided more than £1.2 billion of support to over 2,000 projects. These reliefs have also helped to spur a new wave of private investment to develop major production hubs and centre points for high quality crew and studio space all over the UK, from Belfast to Buckinghamshire, supporting tens of thousands of jobs.

I would like to thank the BFI for its efforts in continuously championing the screen sectors and supporting them through the pandemic.

Looking to the future, I am confident that the creative industries in the UK will continue to prosper, compete internationally and be a glittering showcase for British culture.



The Rt Hon Rishi Sunak MP
Chancellor of the Exchequer

FOREWORD

This second edition of the *Screen Business* report provides a comprehensive analysis of the value of the screen sector tax reliefs to the industry and to the wider UK economy. It shows the tax reliefs have been instrumental to how UK made and developed film, high-end, children's and animation television and video games have flourished since the reliefs were introduced.

In 2019 alone, these areas of screen production delivered £13.48bn to the UK economy – a significant increase from £8.6 billion in 2016 – and generated 218,790 jobs. The reliefs have also helped to attract significant capital investment into the sector's facilities and services, generating an additional £3.60 billion in tax revenue to the Exchequer, as well as driving business for industries such as merchandising and tourism.

The reliefs are also vital to UK creativity and culture. We make high quality film, television and screen content that is enjoyed by audiences at home and around the world, demonstrating our talent and innovation in creative storytelling, and the skills and expertise of our world-class crew, cast, video games developers and production businesses.

Over the period of the report and running on into this year's recovery period, the sector has been hard at work making international blockbusters such as *Mission: Impossible – Fallout*, the new *Indiana Jones* and *Wonka* and independent UK films such as *The Personal History of David Copperfield*, *Yardie*, *Mogul Mowgli* and *Rocks*. UK companies have created a string of global television hits from *His Dark Materials*, *Peaky Blinders* and *Line of Duty* to the animated *Peppa Pig*, *Shaun the Sheep* and *Sarah and Duck*, and programmes for children such as *The Worst Witch* and *Horrible Histories*. UK video games developers are also behind some of the world's biggest selling titles such as *Grand Theft Auto V*, *Batman: Arkham Knight*, the *LEGO* and *Forza Horizon* series and *Formula One* games.

The report's analysis concludes before the onset of the pandemic (the last point at which full data is available), which globally brought many industries to a halt. Since then, the BFI's latest statistics have shown a bounce-back in activity, with £1.24 billion of film and high-end television spend during the last quarter of 2020. This has only accelerated during 2021 and we are now on a trajectory to surpass pre-pandemic business levels as we close in on £5 billion production spend solely on film and high-end television over the past 12 months. The adjustment to the film tax relief announced in the Government's November 2021 Spending Review will support the highly connected way that the film and HETV now work to fund and produce content.

Screen Business has expanded its analysis in a number of areas to look in more detail at the UK's position in a growing and highly competitive industry globally. For the first time, the report provides a detailed comparison of global tax reliefs – other countries are now revising their reliefs to encourage specific types of production. It illustrates the vital role the reliefs play in giving the UK a competitive and stable market position in a growing and highly competitive industry globally in which to develop and produce content, as well as supporting the UK in developing and creating IP.

FOREWORD

The new UK Global Screen Fund, administered by the BFI on behalf of the Government, was launched last year with the aim of boosting our exports, UK co-productions and the UK's development of international partnerships.

In recent years, the UK's nations and England's regions outside the London area, have seen increasing amounts of film and high-end television production generating economic growth and creating jobs. Multi-million pound investments in expanding studio capacity across the UK have also accelerated significantly, to meet the demand for production. Actual production budget breakdowns in the report also demonstrate the ripple effect spend on local business sectors that supply goods and services to film and high-end television productions.

The analysis also takes a deeper dive into the UK's world-leading VFX sector and screen sector innovations, and the potential they hold for the UK economy more widely.

This is all good news for the sector overall, however it is not without significant challenges which have been thrown into sharp focus for independent film production in the wake of accelerated production growth - namely higher costs for Covid-safety, skills shortages being addressed through the government and industry skills review, and a rapidly shifting international landscape.

This report sets out to empower industry decision-makers in growing their businesses, and policy-makers at every level of local, national and UK-wide government in looking to create the best possible conditions for future growth. The screen sectors are a huge economic asset to the UK and, with the maintenance of the screen sector tax reliefs and continued investment in nurturing diverse creative talent, skills and infrastructure by both Government and industry alike, the screen sector is an engine primed to support the UK's economic recovery.



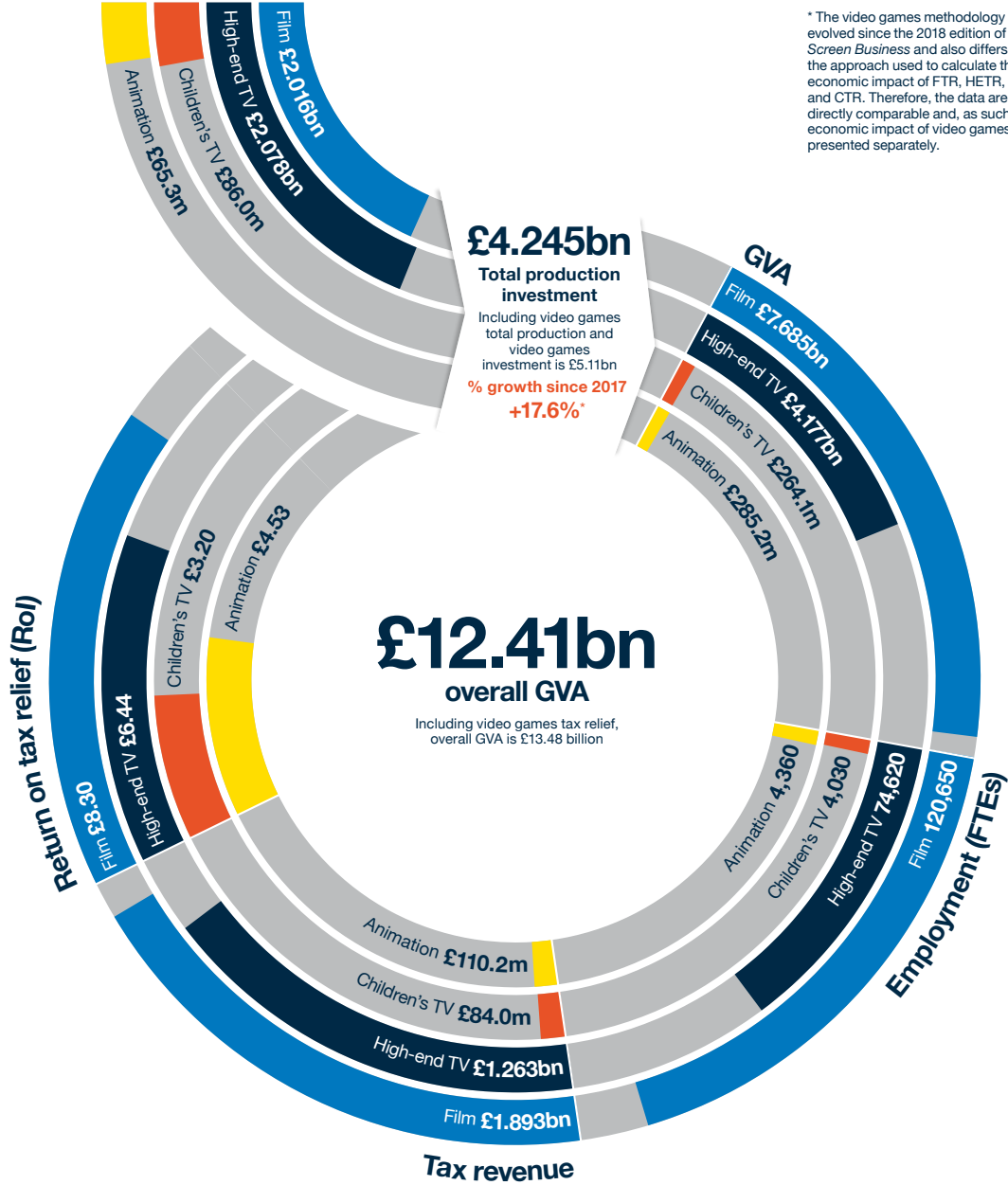
Ben Roberts
Chief Executive, British Film Institute

SUMMARY

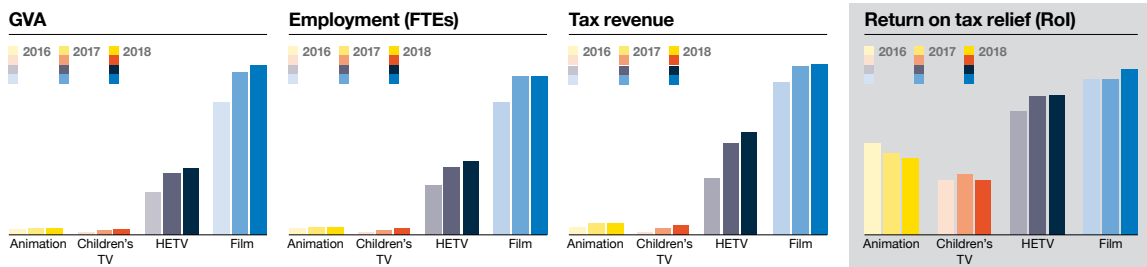
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Tax relief impact, 2019

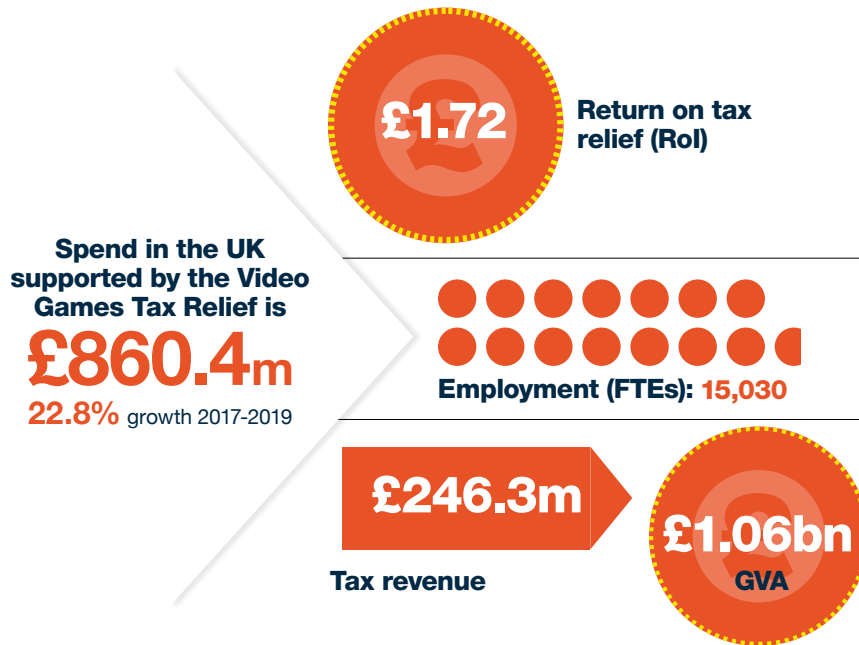
Production Expenditure*



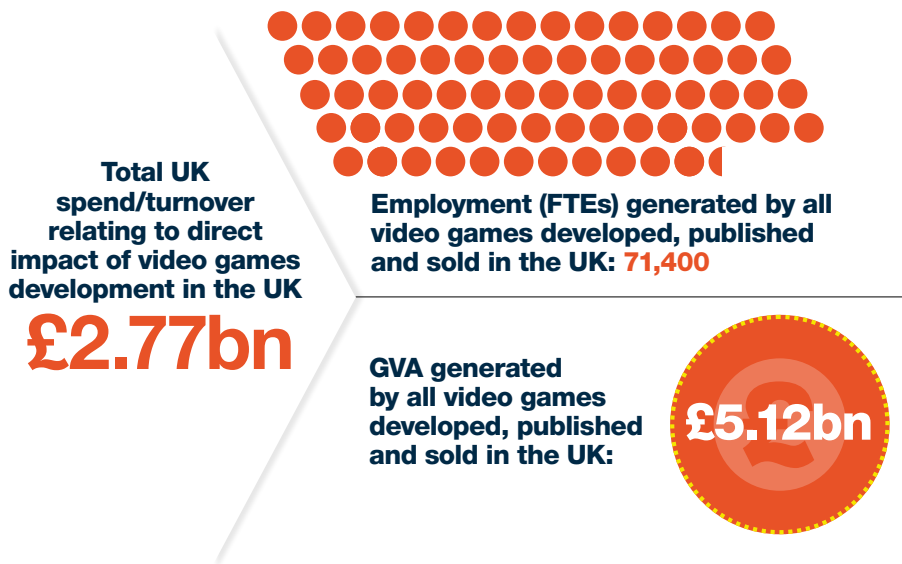
* The video games methodology has evolved since the 2018 edition of *Screen Business* and also differs from the approach used to calculate the economic impact of FTR, HETR, ATR and CTR. Therefore, the data are not directly comparable and, as such, the economic impact of video games is presented separately.



Video games impact, 2019*



Total video games sector impact, 2019



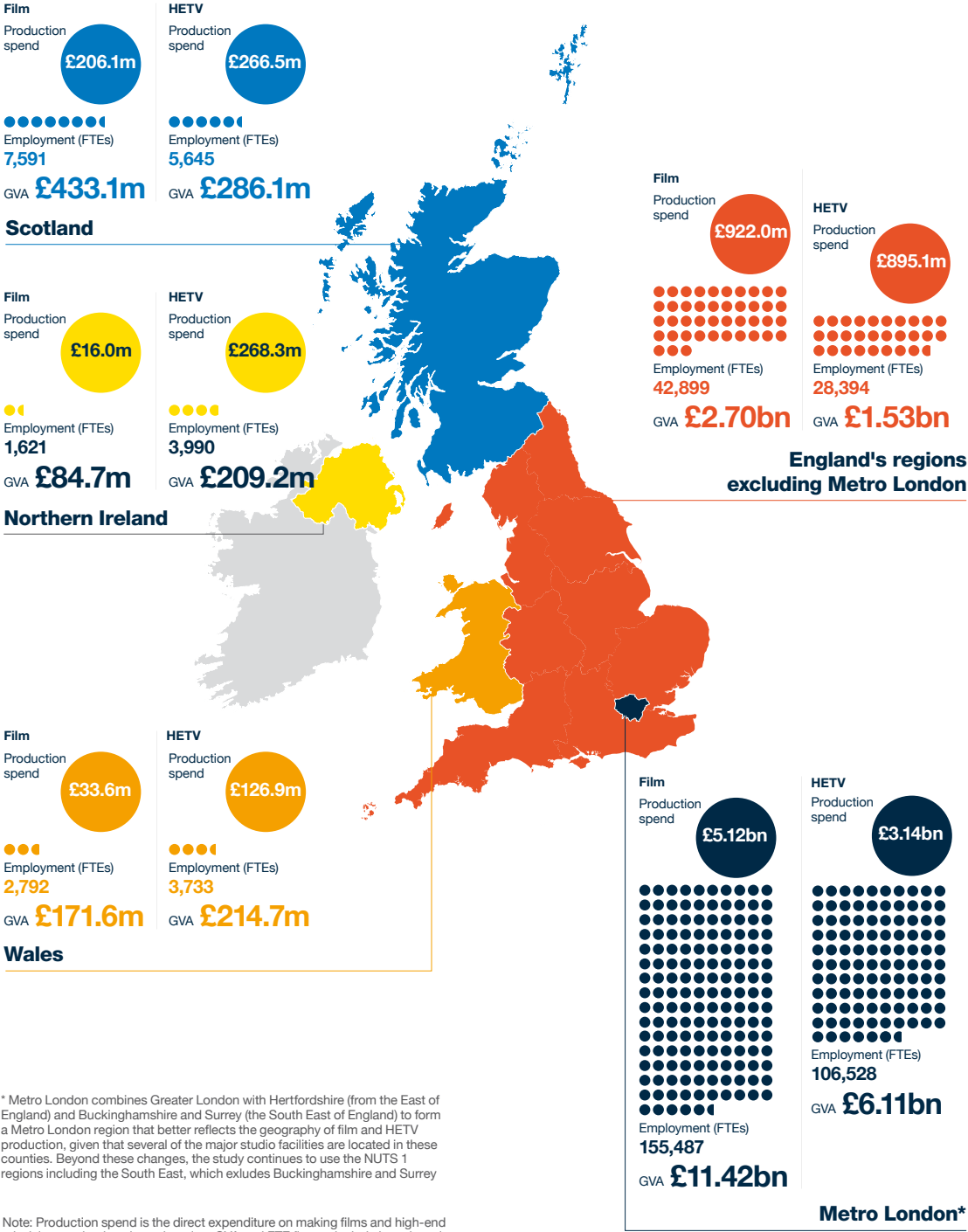
* The video games methodology has evolved since the 2018 edition of *Screen Business* and also differs from the approach used to calculate the economic impact of FTR, HETR, ATR and CTR. Therefore, the data are not directly comparable and, as such, the economic impact of video games is presented separately.

Due to the length of the video games development process and the way in which the Video Games Tax Relief (VGTR) supports developers, there can be a significant lag in reporting and it can take several years for actual expenditure figures to

consolidate. Therefore, the profile of video games expenditure supported by the tax relief in any given year is only a partial picture of the actual expenditure across the sector.

The VGTR-supported video games sector in the UK represents only a portion of current activity. To provide a full picture of the impact of the video games sector in the UK, analysis has been undertaken for *Screen Business* to estimate the total economic contribution of video games.

The impact of the film and high-end television tax reliefs UK-wide, 2017-2019



* Metro London combines Greater London with Hertfordshire (from the East of England) and Buckinghamshire and Surrey (the South East of England) to form a Metro London region that better reflects the geography of film and HETV production, given that several of the major studio facilities are located in these counties. Beyond these changes, the study continues to use the NUTS 1 regions including the South East, which excludes Buckinghamshire and Surrey

Note: Production spend is the direct expenditure on making films and high-end television productions in each nation. GVA and FTE figures include broader value and employment generated by production spend through the HETV and film content value chains (including direct indirect and induced impacts)

CONTEXT



Screen Business provides a comprehensive analysis of the economic contribution of the UK's screen sector tax reliefs: Film Tax Relief (FTR), High-end Television Tax Relief (HETR), Animation Tax Relief (ATR), Children's Television Tax Relief (CTR) and Video Games Tax Relief (VGTR).

These reliefs help to make the UK a competitive and stable market to develop and produce content. While the reliefs are a primary driver of production and development growth in the UK screen sectors, the UK's highly developed production and development offer are also key success factors. There is a world-renowned base of talent and creative businesses in the UK, as well as a specialised offer of physical infrastructure, skilled crew and supply-chain businesses, which has developed over many years. These areas continue to see strong investment and strategic development.

Screen Business is published against a backdrop of an unprecedented explosion of screen production – driven by voracious global consumption and major investment flows from established players and newer market entrants. In 2019, global expenditure on feature film and television production – ie investment in scripted film and television and documentaries, but not sport, news or commercials – was estimated to have reached \$177 billion.^{1,2} As a result, the screen sector is a powerful economic driver – particularly in jurisdictions, such as the UK, which have a highly-developed development and production offer and a stable incentives base.

Undertaken by Olsberg•SPI with Nordicity, and commissioned by the British Film Institute (BFI) through its National Lottery-supported Research and Statistics Fund, *Screen Business* updates previous analyses published in 2015 and 2018.

This edition of the study extends the focus of previous versions of *Screen Business* by examining a broader three-year timeframe, spanning 2017, 2018 and 2019.

The analysis is consistent with the 2018 version of *Screen Business* and applies HM Treasury Green Book principles and best practice economic modelling to accurately estimate the impact of these important revenue-generating tax reliefs for the economy, HM Government, infrastructure investment and employment.³

A number of new and expanded elements are also included. For the first time, an analysis of the impact of FTR and high-end television (HETV) production is provided for the UK's nations and England's regions as well as a detailed assessment of key global incentive models that compete with the UK. As with the 2018 edition of *Screen Business*, the impact of the tax reliefs on the visual effects (VFX) sector has also been analysed. While not a direct recipient of its own tax relief, UK post-production including VFX does qualify within the reliefs, and the sector is an important and creative element of the UK production value chain.

The study period ends before the onset of the global COVID-19 pandemic, and its impacts have not been analysed. Nevertheless, this edition of *Screen Business* will provide an important benchmark by which impacts can be measured in the future.

1. *Global Screen Production - The Impact of Film and Television Production on Economic Recovery from COVID-19*. Olsberg•SPI, 25 June 2020. Accessible at: <https://www.o-spi.co.uk/wp-content/uploads/2020/06/Global-Screen-Production-and-COVID-19-Economic-Recovery-Final-2020-06-25.pdf>

2. According to data from Newzoo, the global video games market generated revenues of \$144.4 billion in 2019, though this revenue metric is not directly comparable with film and television production expenditure. *Global Games Market to Generate \$175.8 Billion in 2021; Despite a Slight Decline, the Market Is on Track to Surpass \$200 Billion in 2023*. Newzoo, 6 May 2021. Accessible at: <https://newzoo.com/insights/articles/global-games-market-to-generate-175-8-billion-in-2021-despite-a-slight-decline-the-market-is-on-track-to-surpass-200-billion-in-2023/>

3. One exception in terms of continuity is VGTR. While the approach is consistent with that used in the 2018 edition of *Screen Business* across FTR, HETR, ATR and CTR, it has been necessary to undertake a revised approach for VGTR because a significant reporting lag means that it can take several years for actual expenditure figures to consolidate. An estimation of spend for VGTR was therefore undertaken

KEY FINDINGS

2

Analysis of the economic contribution of the UK's screen sector tax reliefs focuses on the following key areas:

- Investment in film and television production and video games development⁴
- Inward investment
- Employment
- The UK economy
- Productivity
- Other benefits such as merchandising, tourism and UK brand promotion
- Return on investment (RoI)
- The impact of film and high-end television (HETV) in the UK nations and England's regions
- The ripple effect of film and HETV spend into other business sectors
- UK film and television studios
- Innovation

2.1. Delivering growth in production and development investment

- Production and video games development supported by the UK screen sector tax reliefs – ie Film Tax Relief (FTR), High-end Television Tax Relief (HETR), Animation Tax Relief (ATR), Children's Television Tax Relief (CTR) and Video Games Tax Relief (VGTR) – reached a record total of £5.11 billion in 2019, an 18.4% increase on 2017. FTR production represented 39.5% of this total in 2019, while HETR production contributed 40.7% in 2019. VGTR contributed 16.9%, while ATR and CTR contributed 1.3% and 1.7% respectively.⁵
- While the tax reliefs have driven growth in the screen sectors, the UK's base of talent, skills, physical infrastructure and supply-chain businesses also contributes to its global competitiveness.
- UK production spend on film was above £2 billion in each of the years analysed for this study. In 2019, spend was £2.02 billion, which represents an increase from £849.2 million in 2007 – the year that FTR was introduced.^{6, 7}
- High-end television (HETV) production supported by the tax reliefs increased from £1.23 billion in 2017 to £2.08 billion in 2019.⁸ This represents an increase from £392.8 million in 2013 – the year that HETR was introduced.⁹

4. While development is a process across the screen sectors, it is used in this study to refer to the development of video games

5. Due to reporting lag, production and development totals are expected to be revised upwards in the coming years

6. *Film, high-end television and animation programmes production in the UK: full-year 2020*. The BFI Research and Statistics Unit (RSU), 4 February 2021. Accessible at: <https://core-cms.bfi.org.uk/media/6334/download>

7. 2007 total sourced from the BFI RSU

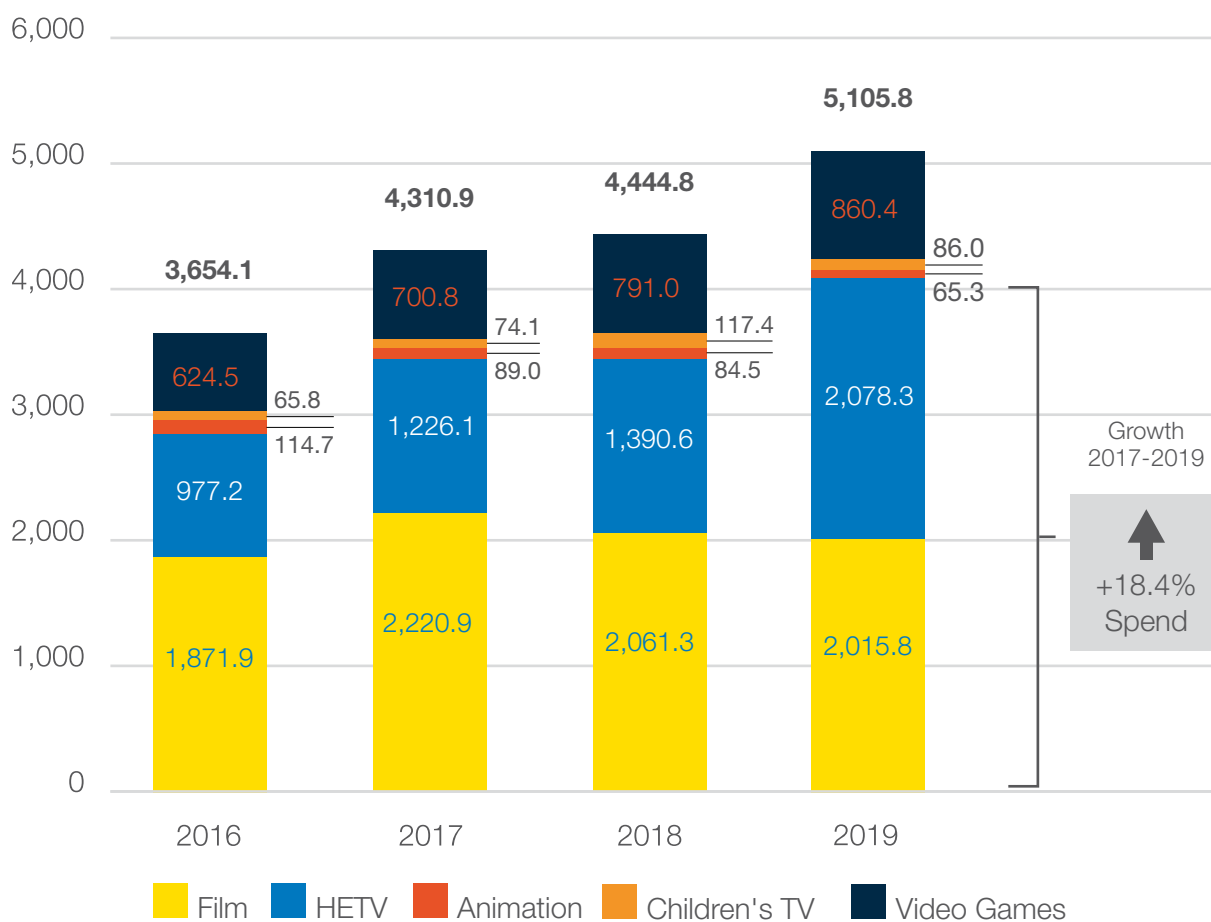
8. *Film, high-end television and animation programmes production in the UK: full-year 2020*. Ibid

9. 2013 total sourced from the BFI RSU

- Video games development spending supported by VGTR was an estimated £700.8 million in 2017, £791.0 million in 2018 and £860.4 million in 2019.¹⁰
- The value of animation programme production supported by the tax reliefs declined to £65.3 million in 2019, from £84.5 million in 2018. This represents a decline from £79.9 million in 2013 – the year that ATR was introduced.¹¹
- Children’s television production spend was £74.1 million in 2017, £117.4 million in 2018 and £86.0 million in 2019. This represents an increase from £43.4 million in 2015 – the year that CTR was introduced.¹²
- While the UK is an attractive production and development market for domestic and international investors – with an established base of skills, infrastructure and creative talent – the tax reliefs are a cornerstone element of the UK’s ability to compete for and grow production and development.

Figure 1
Growth in UK spend supported by the screen sector tax reliefs, 2016-2019 (£m)

Production/development spend £m



Source: The BFI

^{10.} Because of a significant reporting lag, a different approach to estimating expenditure has been undertaken for VGTR. As the 2019 total is an estimation, it has not been compared to spend in the year that VGTR was introduced, unlike the other sectors in this section

^{11.} 2013 total sourced from the BFI RSU

^{12.} 2015 total sourced from the BFI RSU

2.2. Driving inward investment

- On a combined basis, the screen sectors in receipt of tax relief attracted significant amounts of inward investment into the UK between 2017 and 2019.¹³
- Throughout this period, spend on inward investment production accounted for the vast majority of film production in the UK. In 2019, inward investment film production reached £1.77 billion, or 87.9% of total film spend. With co-productions, this increases to 89.7% of total spend.
- Of the £2.08 billion spend on qualifying HETV production in the UK in 2019, £482.4 million was contributed by domestic UK productions and just under £1.60 billion – 76.8% of the total – by inward investment and co-production spend.
- Of the £65.3 million spent on the production of animation programmes supported by tax relief in 2019, £31.8 million – 48.7% of the total – was contributed by inward investment and co-production spend.

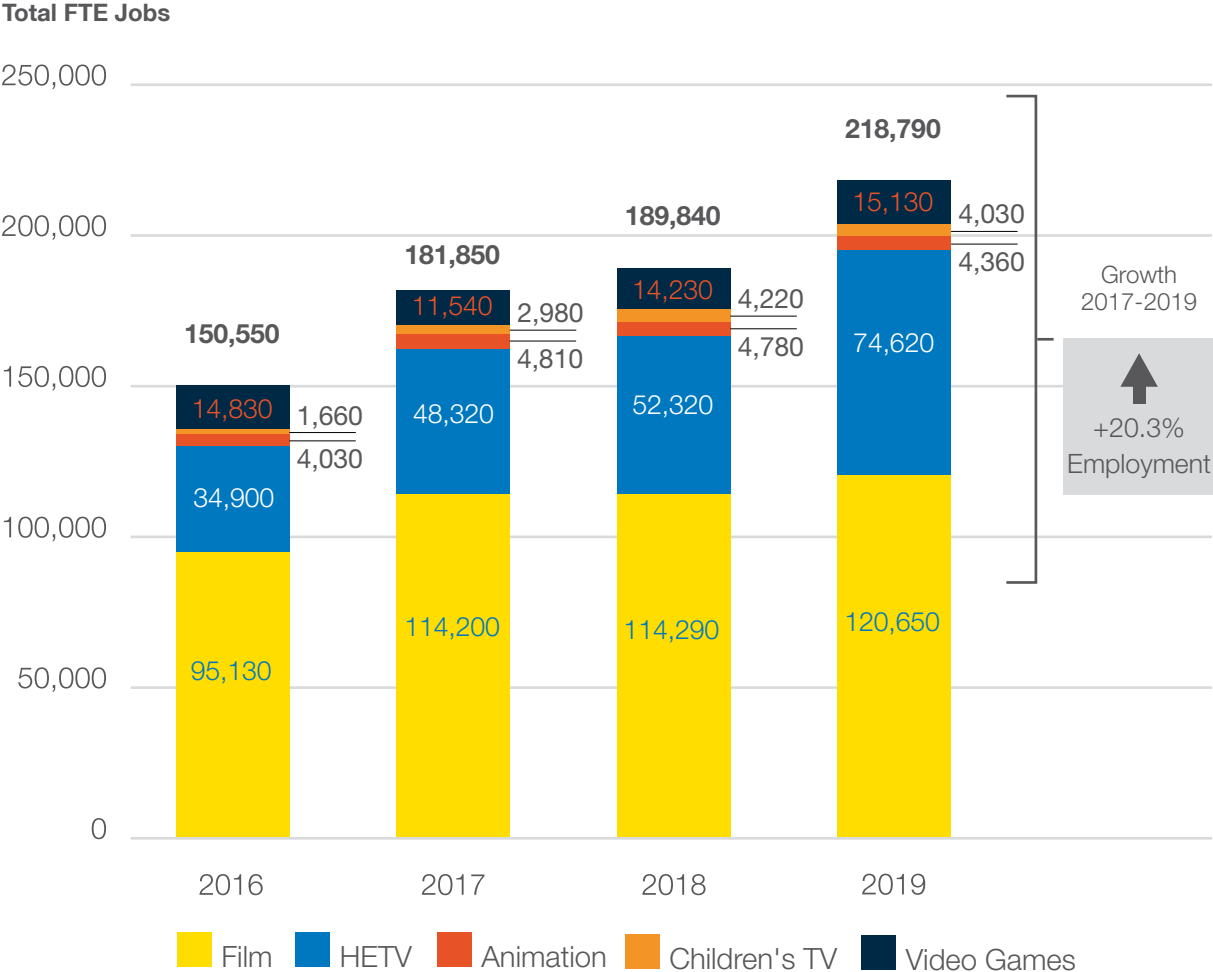
2.3. Growth in employment

- Screen sector production and development is a strong generator of employment.
- In 2019, the screen sector value chain generated 156,030 full-time equivalent (FTE) jobs (ie from direct, indirect and induced impacts) in comparison to 132,300 in 2017.
- Growth in HETR-related employment has been significant since 2017. A total of 64,310 FTEs were generated in the sector's value chain (ie including direct, indirect and induced impacts) in 2019. This represents an increase of 57.8% from 40,760 FTEs in 2017.
- FTR-related employment in the sector's value chain decreased from 73,000 in 2017 to 68,930 in 2019 which relates to fluctuations in total production expenditure across the study timeframe.
- Employment in the VGTR-related value chain grew by 31.3% between 2017 and 2019, from 11,450 in 2017 to 15,030 in 2019.
- ATR-related employment in the sector's value chain was 3,730 FTEs in 2019. This represented a decline of 9.3% from 2017.
- CTR-related employment increased by 35.2% between 2017 and 2019, from 2,980 FTEs to 4,030.
- Screen sector production and development supported by the tax reliefs in 2019 – ie overall economic contribution including direct, indirect, induced and spillover impacts – generated a total of 218,790 FTEs, an increase of 20.3% on 2017.¹⁴

13. The BFI's definition of an inward investment production is a feature film, HETV programme or animation programme which is substantially financed and controlled from outside the UK, where the production is attracted to the UK because of script requirements, the UK's infrastructure or UK tax reliefs. Many (but not all) inward productions are UK films, HETV programmes or animation programmes by virtue of their UK cultural content and the fact that they pass the cultural test administered by the BFI Certification Unit on behalf of the Secretary of State for Digital, Culture, Media and Sport. *Film, high-end television and animation programmes production in the UK: full-year 2020*. Ibid

14. Indirect and induced impacts include employment, employment compensation in the supply chain, and re-spending of employment income. Spillover impacts include screen tourism, merchandise sales, UK brand promotion and esports in the video games sector

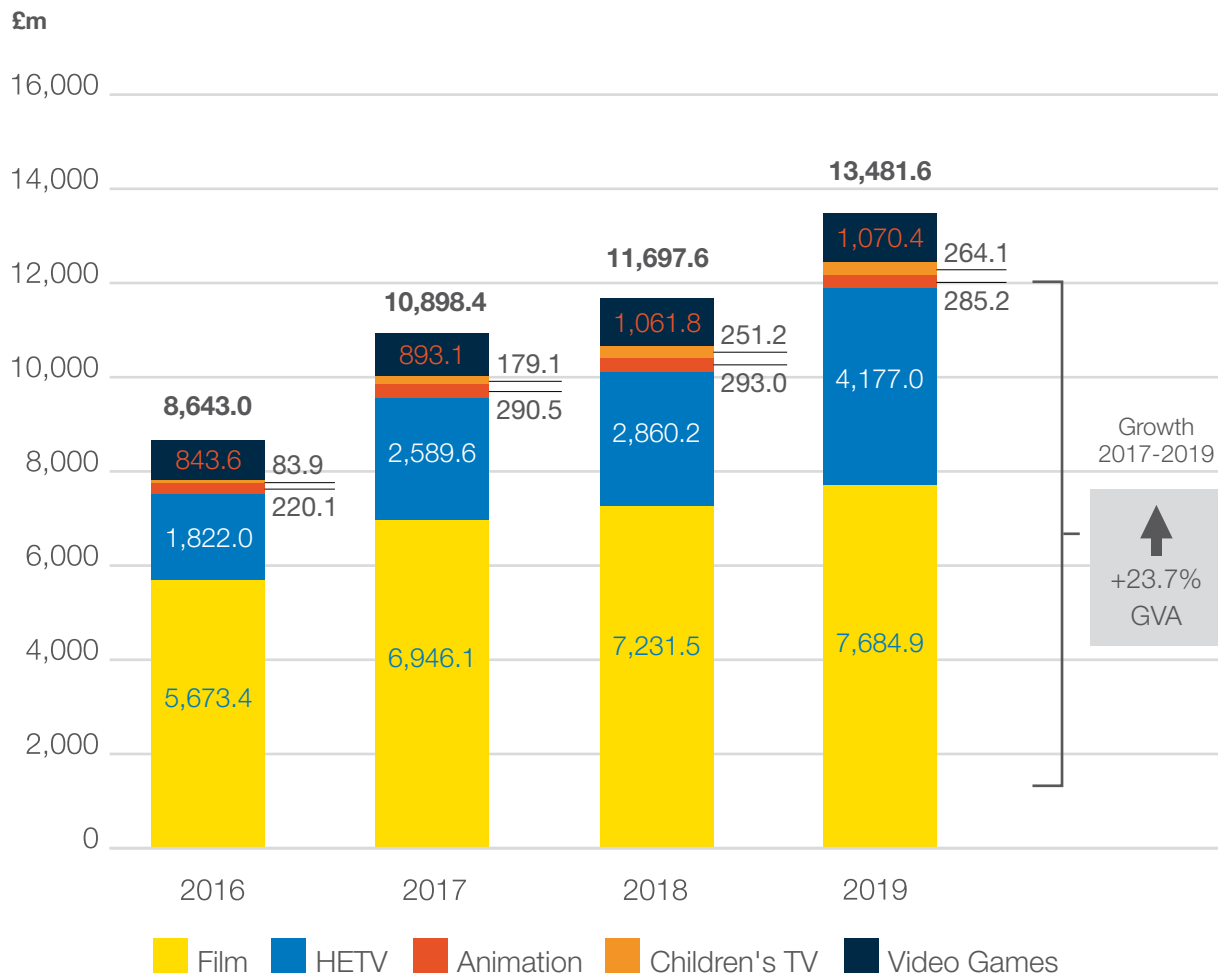
Figure 2
Growth in overall UK employment supported by the screen sector tax reliefs, 2016-2019 (FTEs, overall economic contribution including direct, indirect, induced and spillover impacts)



2.4. Expanding the economy

- In 2019, the tax relief-supported screen sectors together delivered a total of £13.48 billion in gross value added (GVA) for the UK economy, including direct, indirect, induced and spillover impacts.
- This represents an increase in overall economic contribution from £10.90 billion in GVA in 2017 and £11.70 billion in 2018.
- Together, production spend and related job creation led to the generation of significant tax revenues for HM Government, estimated for all tax relief screen sectors in overall terms to be £3.60 billion in 2019. This represents an increase from £3.11 billion in 2018 and £2.84 billion in 2017.

Figure 3
Growth in overall GVA supported by the screen sector tax reliefs, 2016-2019 (£m, overall economic contribution including direct, indirect, induced and spillover impacts)



2.5. Delivering productivity

- In terms of productivity, the GVA per FTE generated across the tax relief-supported screen sectors is higher than for the economy as a whole.
- Video games delivered the highest average productivity in 2019, with a GVA per FTE of £121,000.¹⁵
- In 2019, FTR, HETR and CTR displayed a GVA per FTE of £81,500. Animation production displayed an average GVA per FTE of £84,000.
- The visual effects (VFX) sector delivered GVA per FTE of £89,743 in 2019.
- Meanwhile across the UK economy, average GVA per FTE was an estimated £66,100 in 2019.¹⁶

¹⁵. Productivity is an economic measure that assesses how efficient firms, industries or the overall economy is in converting economic inputs (for example, labour, capital, materials) into economic outputs (for example, finished goods or consumer services) for sale to other firms or consumers. Productivity is often assessed in terms of labour productivity. Within economic policy, growth in productivity or labour productivity is a precursor to higher living standards within an economy. In *Screen Business*, labour productivity is measured using GVA per FTE

¹⁶. GVA per job of £58,377 has been converted to GVA per FTE based on an observed average workweek of 33.1 hours across all employed workers

2.6. Providing return on investment

- All of the screen sectors supported by tax reliefs generated RoI when viewed in terms of the additional GVA returned for every £1 of tax relief.
- This was most significant for FTR, which returned £8.30 in 2019 – an increase of 10.5% from £7.51 in 2017.
- In 2019, each pound of HETR granted returned £6.44. This represented a slight decrease from £6.67 in 2017.¹⁷
- ATR and CTR delivered a GVA RoI of £4.53 and £3.20 in 2019 respectively.
- VGTR delivered a GVA RoI of £1.72 in 2019.¹⁸
- The wide range in RoI is addressed in the table below.

Table 1
Annual GVA return on investment, 2016-2019 (£)

Annual RoI	2016	2017	2018	2019
Film	7.47	7.51	7.96	8.30
High-end television	5.98	6.67	6.72	6.44
Animation	4.41	3.94	3.74	4.53
Children’s television	2.72	2.90	2.65	3.20
Video games	1.83	1.75	1.83	1.72

^{17.} As explained in Section 5.8, while total expenditure increased significantly between 2018 and 2019, RoI actually reduced between 2018 and 2019. This is due to the lag between production and the economic impact of screen tourism. It results in reduced RoI because tax relief is being paid out on increased production in the short term, while one of the sources of economic benefit – screen tourism – is not yet appearing as a return in the economic model

^{18.} This is not directly comparable with the VGTR RoI reported in the 2018 edition of *Screen Business*. See Note on RoI box

Note on RoI

All of the tax reliefs displayed positive RoI in terms of additional GVA, but a wide range of return is evident across the sectors. This range can be linked to three key factors:

1. Sectors in which inward investment accounts for a larger share of overall spending will display higher rates of additionality and RoI, since this inward investment spending is more globally mobile than domestic spending on production or video games development. Indeed, the vast majority of FTR and HETV production is inward investment and highly mobile.
2. Inbound screen tourism is another key driver of additional GVA and a higher RoI. Spending in the UK by inbound tourists is highly additional to the UK economy – much like merchandise or services exports. Unlike spending on production or video games development, tourist spending does not trigger a partially offsetting tax relief outlay by HM Treasury. The economic benefits of inbound screen tourism are highest in the film sector because FTR has been in place longer than the other tax reliefs and, therefore, has helped the UK build a stock of screen tourism assets that continue to attract inbound tourists long after the screen content has been first released. In contrast, in the video games sector, esports has the potential to generate inbound tourism, but not at the same scale as the screen tourism associated with films or television programmes. The lack of screen tourism is one reason why the VGTR RoI is lower than that for the other tax reliefs.
3. The methodology used for VGTR for this edition of *Screen Business* differs from the 2018 edition. As part of this, the method for measuring additionality for VGTR was harmonised with the approach used for other tax reliefs in this study. This has led to a lower RoI that is not directly comparable to the previous edition of *Screen Business*.

2.7. Supporting innovation

- In addition to generating a range of economic impacts, the UK's screen sectors are also a significant innovation hub.
- With technology and creativity at their core, the screen sectors are at the cutting edge of innovation, in regard to both the products they create and the technology, processes and skills involved in this creation.
- Notably, some creative and technical developments in one screen sector are impacting other screen sectors – for example, virtual production technology. At the confluence of film, video games, animation, visual effects and HETV production, virtual production allows filmmakers to use VFX and computer graphic technologies in real time, to design sequences and provide data and an offline ('previs') version of a final sequence or to combine final pixel computer graphics (CG) with live action as it is being filmed.
- Creative and technical innovations are also benefitting the wider UK economy. StoryFutures, for example, is a programme of research and development (R&D) projects with screen sector businesses west of London that drives innovation in story form into storytelling, business behaviours and audience development.

- The screen sectors create highly unique products. One example from the video games sector is *Dreams* from UK developer Media Molecule. *Dreams* is a video game environment that not only provides visual and immersive gameplay but, through its content creation and sharing mechanisms, is able to develop the creativity of individuals and even offer opportunities and routes into the video games sector.
- A range of innovation case studies are included in Section 14, outlining the scale of development as well as the broad impacts across the UK – from leading VFX and animation company Jellyfish Pictures establishing its first studio outside of London, in Sheffield, to the Future Screens NI initiative and the Screen Media Innovation Lab in Northern Ireland, both part of strategic plans to further increase local economic growth and high-value employment.

2.8. Growth in UK film and television studios

- The significant amount of expenditure undertaken in the UK by film and television projects accessing the UK's screen sector tax reliefs has helped to attract investment from private and public investors into film and television production infrastructure – particularly studio facilities.
- While investment in film and television studios has, in the past, mainly centred on the Metro London cluster, recent years have seen some infrastructure planning and development across the UK, with investment in all UK nations and in several of England's regions. While comparatively limited when considered against the scale of development in Metro London, these developments represent notable evolution of the production offer across the UK.
- Regional developments reported include new stages at Belfast Harbour Studios, the opening of First Stage Studios in Edinburgh and new film and television studio facilities in Leeds and Liverpool.^{19, 20}
- As part of this study, investment in new studio developments and in the expansion of existing sites since 2017 has been tracked. This includes both purpose-built studios and converted spaces.
- In total, an estimated £131.6 million was spent in building or expanding UK studios over the period of the study between 2017 and 2019. This included £24.6 million of capital invested in the period in building or expanding studios outside of Metro London.
- In addition to tracking capital expenditure between 2017 and 2019, analysis was also undertaken into plans for studio projects or expansions which were announced between 2017 and 2020. This analysis focused on intended projects where planning permission had already been granted. The timeframe was extended to the end of 2020 to reflect the fact that the underlying investment decisions would have been based, in part, on the performance of the UK film and television sector between 2017 and 2019.
- In total, an estimated £785.4 million of potential spend was announced for projects which had received planning permission by the end of 2020. This is in addition to the £131.6 million of actual spend highlighted above.

¹⁹. *Belfast Harbour seeks to develop six new film and television studios*. Irish Times, 17 February 2020. Accessible at: <https://www.irishtimes.com/business/economy/belfast-harbour-seeks-to-develop-six-new-film-and-television-studios-1.4175621>

²⁰. *First Stage Studios to open in Leith*. Film Edinburgh, 13 March 2020. Accessible at: <https://www.filmedinburgh.org/News/First-Stage-Studios-to-open-in-Leith-56570>

Note on Metro London

While this study uses Eurostat's Nomenclature of Territorial Units for Statistics (NUTS) 1 approach to define England's regions, a new Metro London definition has also been created. Metro London combines Greater London with Hertfordshire (from the East of England) and Buckinghamshire and Surrey (the South East of England) to form a Metro London region that better reflects the geography of the film and television production sector, given that several of the major studio facilities are located in these counties. The Metro London approach overcomes the imbalance that using NUTS 1 definitions around London would have created. Beyond these changes, the study continues to use the NUTS 1 regions including South East, which excludes Buckinghamshire and Surrey.

2.9. The impact of the film and high-end television tax reliefs UK-wide

- Recent years have seen increasing amounts of film and HETV production taking place outside of the Metro London hub. This includes *Game of Thrones*, *Line of Duty* and *Ordinary Love* in Northern Ireland, *Outlander*, *Shetland* and *Wild Rose* in Scotland and *Sex Education*, *His Dark Materials* and *Eternal Beauty* in Wales. A broad range of productions have been made in England's regions, including *Peaky Blinders*, *Ackley Bridge*, *The Personal History of David Copperfield* and *How to Build a Girl*.
- This study examines how total UK expenditure supported by FTR and HETR is dispersed across the UK's nations and England's regions.^{21, 22}
- Since there is currently no standard approach to measuring UK production spend in this way across the UK nations and England's regions, a new production spend rate card was developed, based on analysis of different production budgets provided by the BFI. This analysis created a set of daily spend averages for different types of projects and budget levels, which were then multiplied by location filming days data, sourced from national and regional agencies.
- A significant amount of the HETV sector's production activity impacts the UK nations and England's regions, with an estimated £1.56 billion in production spend, or around 33% of the UK total, being undertaken outside of Metro London between 2017 and 2019.
- In 2019, HETV production spend generated 33,548 FTE jobs in Metro London and 15,612 throughout the rest of the UK, including direct, indirect and induced effects. Taking into consideration the total impact of the HETV content value chain, including direct, indirect and induced effects, 45,240 FTE jobs were created in Metro London in 2019 and 19,070 throughout the rest of the UK.

^{21.} An analysis of the impact of the overall video games sector on the UK nations and England's regions is provided in Section 16.1.7.

^{22.} Since a wide range of factors influence a producer's decision to locate a production in a nation or region – including the availability of locations, talent, infrastructure and finance – this should be considered an analysis of how FTR and HETR spend is dispersed, and not an analysis of how these tax reliefs specifically influence production flows around the UK

- In GVA terms, HETV production spend generated £1.67 billion in GVA in Metro London in 2019 and £778.3 million throughout the rest of the UK, including direct, indirect and induced effects. Taking into consideration the total impact of the HETV content value chain, including direct, indirect and induced effects, £2.64 billion in GVA was generated in Metro London in 2019 and £1.04 billion throughout the rest of the UK.
- There is evidence of particular HETV activity between 2017 and 2019 in Northern Ireland, Scotland and Wales, as well as the North West of England, the South West of England, and Yorkshire and the Humber.
- The film sector, in comparison, has been more focused on Metro London – partly because of the region’s developed and long-standing base of high-end studio facilities, supply chain businesses and crew. Nevertheless, outside of Metro London, the analysis shows that film production activity has been taking place in Scotland, the South East of England and Yorkshire and the Humber, as well as other locations. Film spend generates significant impacts across the UK, with around £1.18 billion spent outside Metro London between 2017 and 2019, representing around 19% of the total.
- In 2019, film production spend generated 37,685 FTE jobs in Metro London and 7,775 FTEs throughout the rest of the UK, including direct, indirect and induced effects. Taking into consideration the total impact of the film content value chain, including direct, indirect and induced effects, 49,845 FTE jobs were created in Metro London in 2019 and 19,085 throughout the rest of the UK.
- In GVA terms, film production spend generated £1.96 billion in GVA in Metro London in 2019 and £404.1 million throughout the rest of the UK, including direct, indirect and induced effects. Taking into consideration the total impact of the film content value chain, including direct, indirect and induced effects, £3.74 billion in GVA was generated in Metro London in 2019 and £1.24 billion throughout the rest of the UK.

2.10. The ripple effect of film and high-end television production

- In addition to the macro-economic effects modelled by this study, research has also been undertaken into specific micro effects generated by film and HETV productions in the UK.
- Film and HETV production are specialist manufacturing processes which require significant inputs such as workers, equipment, infrastructure and services.
- While some of these inputs will be sourced directly from the screen sector – ie from individuals or vendors who only work in film and HETV production – a significant degree will be hired from other areas of the economy. This is referred to as the ripple effect – ie the micro-economic impacts that each production generates for other business sectors.
- To demonstrate this impact, forensic analysis of three production budgets was undertaken. For each project, production spend was assigned to the business sector into which the money was spent. The focus of the analysis was on below-the-line production expenditure.
- The analysis found that the proportion of production costs across the three projects that was spent in the general economy was between 40% and 60% of the total. Importantly, significant amounts (depending on the size of the production) were spent in sectors which have been particularly affected by the COVID-19 pandemic, such as travel and transport, and hospitality and catering.

- The analysis also provides important insights into the regional impacts that are created by film and HETV production. Indeed, the three projects were all made outside of Metro London: two were filmed predominantly in UK nations outside of England, and one was filmed in an English region. The projects were treated confidentially, and no identifying factors have been included.

2.11. Delivering wider benefits

- Spillover impacts – including merchandising, inbound tourism and UK brand promotion – are part of the overall economic contribution delivered by the tax reliefs and are also significant in the revenues and jobs they generate.
- The UK has produced film and television drama with a strong sense of place and culture in recent years. Projects have included *The Secret Garden*, which used multiple filming locations in Yorkshire including Helmsley Walled Gardens, *T2 Trainspotting*, which filmed in Edinburgh, *The Favourite*, which filmed at Hatfield House in Hertfordshire, and the production of *Sex Education* in Wales. Meanwhile, *Game of Thrones* has showcased Northern Ireland's locations to global audiences.
- In 2017, inbound tourists spent an estimated £729.4 million in film-related screen tourism in the UK. This is estimated to have increased to £892.6m in 2019.
- For the video games sector, the impact of esports and video games merchandise has also been included in the overall spillovers.²³

2.12. Notes on economic impact methodology

- A bespoke economic impact model has been developed for this study, reflecting current best practice in economic impact modelling, aligning the analysis with current government evaluation methodology (HM Treasury Green Book).
- The previous edition of *Screen Business*, published by the BFI in 2018, replaced the use of a strictly multiplier-based approach which had previously been used with an input-output (I-O) approach. This ensures that there is temporal consistency between production spend statistics and the economic contribution that this spend generates. It also ensures that input data are not double counted – a risk when multipliers are applied – and also that the base data is validated.
- The approach taken for this study is consistent with the approach used in 2018 across FTR, HETR, ATR and CTR. For VGTR it has been necessary to undertake a revised approach. This is because a significant reporting lag means that it can take several years for actual expenditure figures to consolidate. To calculate impacts, the year-to-year growth in VGTR payments reported by HM Revenue & Customs (HMRC) for 2016/17 to 2018/19 (accrual basis) was applied to the total development spending supported by VGTR in 2016 (as reported by the BFI) to estimate the levels of VGTR-supported development spending in 2017, 2018 and 2019.

²³. As outlined in Section 6.5.2., the economic benefits of esports are counted as a spillover from the UK video games sector for the purposes of this study on the basis that VGTR contributes to a small extent to the overall strength of the esports ecosystem in the UK. In fact, the modelling used for this analysis found that VGTR titles only accounted for 4.4% of GVA generated by the UK's esports industry in 2019. While esports growth is not directly driven by VGTR, some titles with esports elements have accessed VGTR

- For each sector, the value estimated relates only to tax relief-supported content and does not represent all content produced, licensed, sold, viewed or exhibited in the UK.
- For each sector in receipt of tax relief, economic impact is presented in several ways:
 - Direct economic impact – economic activity (employment and GVA) generated directly throughout the value chain by the element of the sector in receipt of tax relief
 - Total economic impact – the direct impact throughout the value chain, plus indirect and induced impact²⁴
 - Overall economic contribution – the impacts of all parts of the value chain plus spillover impacts such as merchandise and screen tourism

2.13. Key findings by sector

2.13.1. Film

- The UK has a very well-developed offer as a film production hub, combining specialist skills, a strong talent base and established infrastructure. Films made in the UK include both major-budget inward investment projects – such as *No Time To Die* and *The Lion King* – and domestic UK films that achieve wide acclaim. *The Favourite* is an example of the latter.
- FTR has stimulated substantial growth in production expenditure in the UK film sector since its introduction in 2007. Although there are slight fluctuations from year to year triggered by the start of production on high-budget films, spend overall has risen from £849.2 million in 2007 to £2.22 billion in 2017, £2.06 billion in 2018 and £2.02 billion in 2019.²⁵ These fluctuations between 2017 and 2019 affect related GVA and FTEs.
- In 2017, film sector production in receipt of FTR directly contributed £1.21 billion to the UK's Gross Domestic Product (GDP). In 2018, the contribution was £1.13 billion and in 2019 it was £1.10 billion.
- Films qualifying for FTR are a significant employer, directly generating 33,430 FTE jobs throughout all parts of the value chain in 2017, 31,630 in 2018 and 31,160 in 2019.²⁶ In GVA terms, films qualifying for FTR delivered £2.86 billion to the UK's Gross Domestic Product (GDP) in 2017 throughout all parts of the value chain, £2.88 billion in 2018 and £2.91 billion in 2019.
- With value chain, indirect and induced impacts, FTR generated 73,000 FTEs in 2017, 68,460 in 2018 and 68,930 FTEs in 2019.
- With value chain, indirect and induced spending, the total economic impact of the tax relief-supported UK film sector in 2017 amounted to £4.93 billion in GVA in 2017, £4.91 billion in 2018 and £4.98 billion in 2019.²⁷
- FTR generated strong returns for HM Treasury over 2017-2019. In 2017, each pound of FTR granted yielded an additional £7.51 in GVA for the UK economy. In 2018, this was £7.96 and in 2019 it was £8.30.

²⁴. See Section 3.7. for an explanation of the areas of economic impact

²⁵. *Film, high-end television and animation programmes production in the UK: full-year 2020*. Ibid. As outlined, the differences in spend across 2017-2019 may not represent decline as such, and may instead relate to the start date of high-budget films in specific years. Totals may also increase in future in relation to the BFI's tracking of production data. Total for 2007 sourced from the BFI RSU

²⁶. As noted, changes over the study timeframe reflect underlying production expenditure

²⁷. See Section 3.7. for an explanation of the areas of economic impact

2.13.2. High-end television

- The UK produces a range of HETV content that attracts significant attention, both within the UK and around the world. Between 2017 and 2019, productions qualifying for HETR included *Game of Thrones*, *The Virtues* and *Quiz*.
- HETV production investment has also increased throughout the UK, contributing to production growth in the UK nations and England's regions. This is evidenced by productions such as *Game of Thrones* in Northern Ireland, *His Dark Materials* in Wales, *Outlander* in Scotland and *Peaky Blinders* in England.
- Since HETR was introduced in 2013, production in the high-end television sector has undergone a very substantial increase, with UK expenditure rising from £392.8 million in 2013 to £1.23 billion in 2017, £1.39 billion in 2018 and £2.08 billion in 2019.^{28, 29}
- In 2017, the HETV sector production directly contributed £707.5 million to the UK's GDP. In 2018, the contribution was £802.4 million and in 2019 it was £1.20 billion.
- As a result, HETV production spend generated 18,600 direct FTE jobs throughout all parts of the value chain in 2017, increasing to 19,770 in 2018 and 28,760 in 2019.
- With value chain, indirect and induced impacts, HETV generated 40,760 FTEs in total in 2017, increasing to 43,220 in 2018 and 64,310 FTEs in 2019.
- With value chain, indirect and induced impacts, HETV content generated a total economic impact of £2.24 billion in GVA for the UK in 2017, £2.43 billion in 2018 and £3.67 billion in 2019.
- HETR generated strong returns for HM Treasury over 2017-2019. In 2017, each pound of HETR granted yielded an additional £6.67 in GVA for the UK economy. In 2018, GVA RoI was £6.72 and in 2019 it was £6.44.

2.13.3. Video games³⁰

- The video games sector is a significant component of the UK screen landscape, with UK-made video games – such as *LEGO Star Wars – The Force Awakens*, *Total War: Warhammer II*, *Yooka-Laylee and the Impossible Lair*, *Monument Valley 2* and *Sackboy: A Big Adventure* – making huge commercial and cultural impacts globally.
- The UK Government introduced VGTR from April 2014. In 2017, expenditure on video games development supported by VGTR was an estimated £700.8 million. In 2018, it was estimated to be £791.0 million and in 2019 it was an estimated £860.4 million.
- In 2017, VGTR-supported video games development directly contributed £567.6 million to the UK's GDP. In 2018, the contribution was £585.3 million and in 2019 it was £559.3 million.
- Throughout all parts of the value chain, VGTR-supported spend directly generated 5,890 FTE jobs in 2017, 6,190 in 2018 and 5,640 in 2019.
- With value chain, indirect and induced impacts, the VGTR-supported sector generated 11,450 FTEs in 2017, 14,130 in 2018 and 15,030 in 2019. In terms of GVA, the sector generated £887.5 million in 2017, £1.06 billion in 2018 and £1.06 billion in 2019.

28. 2013 total sourced from the BFI RSU

29. *Film, high-end television and animation programmes production in the UK: full-year 2020*. Ibid

30. Because of a significant reporting lag in the sector, it has been necessary to revise the methodology used in the previous edition of *Screen Business* for video games. See Section 2.12.

- VGTR-supported development generates strong returns for HM Treasury. In 2017, each pound of VGTR granted leveraged an additional £1.75 in economic activity for the UK economy. In 2018, it was £1.83 and in 2019 it was £1.72.
- The sector is also a driver of cutting-edge innovation. This includes innovations in technology, which can impact widely across other screen sectors. For example, video game engine technology is a key component of virtual film and television production, which enables filmmakers to utilise VFX and computer graphic technologies in real time.³¹ Video games also innovate in terms of content, creating new forms of storytelling and story engagement.³²

2.13.4. Animation programmes

- The UK has a long tradition of producing animation television programmes, with content such as *The Adventures of Paddington* and *Pip and Posy* achieving success.
- ATR was introduced in 2013 for animation programmes intended for broadcast on television or via the internet. Animation feature films are eligible for FTR, with examples including *The Lion King*, *Sherlock Gnomes*, *Early Man* and *Isle of Dogs*.
- Considering only ATR programme production – ie excluding other types of non-eligible animation such as advertising – expenditure was £89.0 million in 2017, £84.5 million in 2018 and £65.3 million in 2019.³³
- In 2017, ATR programme production directly contributed £60.7 million to the UK's GDP. In 2018, the contribution was £57.6 million and in 2019 it was £44.5 million.
- Throughout all parts of the value chain, ATR-supported spend directly generated 1,850 FTE jobs in 2017, 1,800 in 2018 and 1,460 in 2019.
- With value chain, indirect and induced impacts, ATR-supported spend generated 4,110 FTEs in total in 2017, decreasing to 4,100 in 2018 and 3,730 FTEs in 2019.
- With value chain, indirect and induced impacts, the total economic impact for the component of the UK animation sector supported by tax relief amounted to £258.1 million in GVA in 2017, £261.0 million in 2018 and £254.6 million in GVA in 2019.
- ATR-supported production generates strong returns for HM Treasury. In 2017, each pound of ATR granted leveraged an additional £3.94 in economic activity for the UK economy. In 2018, it was £3.74 and in 2019 it was £4.53.

³¹. See virtual production case study in Section 14.3. While not examined in this study, video games innovations can also impact other sectors such as transport and health

³². A case study of Media Molecule's *Dreams* is included in Section 14.5.

³³. It should be noted that the animation sector's overall size and value are considerably more significant than the element captured in relation to ATR. In 2019, the BFI commissioned the first of two broader animation 'mapping' studies to analyse the sector's value, including animation for corporate and digital marketing and advertising. Most animation companies operate mixed business models: these will be analysed in the second of the two mapping studies, due to be published in 2022

2.13.5. Children's television programmes

- From *Horrible Histories* to *The Athena*, the UK has a long tradition of producing high-quality children's television programmes.
- CTR was introduced in 2015 with the aim of encouraging the production of culturally British children's television programmes in the UK.³⁴ CTR supported £74.1 million of spend in 2017, £117.4 million in 2018 and £86.0 million in 2019.³⁵
- In 2017, CTR production directly contributed £43.9 million to the UK's GDP. In 2018, the contribution was £69.5 million and in 2019 it was £50.9 million.
- Throughout all parts of the value chain, CTR-supported spend directly generated 1,330 FTE jobs in 2017, 1,920 in 2018 and 1,610 in 2019.
- With value chain, indirect and induced impacts, the CTR-supported sector generated 2,980 FTEs in 2017, 4,220 in 2018 and 4,030 in 2019.
- With value chain, indirect and induced impacts, the total economic contribution for the component of the UK children's television sector supported by tax relief amounted to £179.1 million in GVA in 2017, £251.2 million in 2018 and £264.1 million in 2019.
- CTR-supported production generates strong returns for HM Treasury. In 2017, each pound of CTR granted leveraged an additional £2.90 in economic activity for the UK economy. In 2018, it was £2.65 and in 2019 it was £3.20.

2.13.6. Visual effects³⁶

- With its cutting-edge digital skills, the VFX sector is an important component of the UK screen ecosystem. VFX is highly impactful across both film and HETV production, and UK VFX studios such as DNEG, Milk, Framestore and BlueBolt have contributed to such innovative and award-winning productions as *Tenet*, *Chernobyl* and *His Dark Materials*.
- While VFX is not the recipient of a standalone tax relief, the value of VFX as a separate element of the production sector has been analysed due to its importance as part of the production process. Some projects accessing tax relief may only undertake VFX work in the UK; FTR and HETR both require at least 10% of a project's core expenditure to be UK spend and VFX spend alone may reach this level on some projects.
- In 2017, an estimated £301.3 million was spent on VFX services for FTR, HETR, ATR and CTR projects in the UK. This increased to £361.9 million in 2018 and £363.5 million in 2019. FTR-related production was the largest proportion of this over 2017-2019.
- In 2017, the direct economic impact of VFX production within the tax reliefs was £251.9 million. In 2018, it was £302.6 million and in 2019 it was £303.9 million.
- As a result of this activity, the VFX sector generated 9,440 FTE jobs throughout all parts of the value chain in 2017, 11,570 in 2018 and 11,840 in 2019.

³⁴. *Children's television tax relief*. HM Revenue & Customs, 10 December 2014. Accessible at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/385183/TIIN_2020.pdf

³⁵. Source: The BFI RSU

³⁶. Analysis of the VFX sector represents a restatement of value outlined above with a focus on VFX production. It should not be added to the impacts of the individual tax reliefs. The importance of VFX within the screen sector tax reliefs is outlined in this section. As the analysis has not included areas of production undertaken without relief, such as commercials which benefit from UK skills and creativity in this area, the value of the whole UK VFX sector has also been assessed and is included in Appendix 2

- With value chain, indirect and induced spending, and spillover impacts, the sector generated 14,630 FTEs in 2017, 19,030 in 2018 and 20,050 in 2019.
- Including value chain and spillover impacts, the overall economic contribution across the screen sector value chain attributable to VFX was £903.6 million in GVA in 2017, £1.21 billion in 2018 and £1.29 billion in 2019.

2.14. Global comparison of production incentives for film, television and video games

- The UK operates in a highly competitive global production and development market, and its screen sector tax reliefs are among around 100 automatic incentives on offer around the world.
- The UK competes with major global production centres for film, television and video games such as California and Georgia in the US, several Canadian provinces (including British Columbia, Quebec and Ontario) and Australia. In Europe, it also competes with countries such as France, Germany, Hungary and Ireland.
- As in the UK, many of these jurisdictions offer well-established, stable incentives for production and development, as well as strong workforce and infrastructure offers.
- In other jurisdictions, incentives are being revised to encourage specific types of production or development activity.
- Canada offers a range of automatic incentives, administered at both federal and provincial levels, for film and television. Individually, these incentives can appear relatively low in terms of headline percentage, but productions may 'stack' provincial and federal incentives – making Canada's incentives highly competitive globally.
- As with film, Canada offers a number of provincial incentives for video games development in British Columbia, Manitoba, Ontario, Quebec, Nova Scotia, Prince Edward Island and Newfoundland and Labrador. As a result, Canada is one of the largest video games development hubs in the world.
- In France, live-action productions which undertake a substantial portion of their VFX work in the country may be eligible for an incentive worth 40% on all eligible French expenditure (not just any relevant VFX expenditure), instead of the standard 30% incentive.
- Also in France, the video games incentive was increased from 20% to 30% in 2017, and the maximum annual threshold per company was increased to €6 million.
- In Ireland, a temporary Regional Uplift was introduced in 2018 for film and television, animation and creative documentary productions substantially produced outside Dublin/ Wicklow and Cork City and County. Eligible productions benefit from a 5% uplift on regional expenditure, subject to specific training related requirements. The 5% uplift applies in 2020 and 2021, then tapers off to 3% in 2022 and 2% in 2023 (its final year).

- Australia offers two major incentives for international productions, the automatic Location Offset (worth 16.5%) and the Location Incentive (worth 13.5%). The two incentives can be used in conjunction with each other, resulting in an incentive worth 30% of eligible expenditure in Australia. The country also offers the Producer Offset for domestic productions with significant Australian content, worth 40% for theatrically released feature films and 30% for all other eligible formats.
- For post-production, digital, and visual effects (PDV) work, productions can access a refundable tax credit worth 30% of qualifying expenditure in those areas. The PDV incentive can be combined with state and territory government incentives in New South Wales, South Australia, Western Australia, Victoria and Queensland.
- While Australia does not offer a video games incentive at time of writing this study, in May 2021 the Australian Government committed to a 30% refundable tax offset in the 2021-22 Federal budget to be offered from 1 July 2022.

2.15. Findings as a benchmark in the COVID-19 era

- The timeframe of this study – 2017-2019 – is of course just before the beginning of the global COVID-19 pandemic, which has caused unprecedented disruption to the screen sectors across the world.
- According to the BFI, almost all UK film and HETV productions were suspended or postponed by the end of the first quarter of 2020. The combined total spend on film and HETV production in the UK was £918 million lower for the first half of 2020 than for the first half of 2019.³⁷
- In June 2020, COVID-19 health and safety guidelines were brought in as one of a number of priorities to support the industry into recovery, led by the BFI Screen Sector Task Force (SSTF) and working with the British Film Commission (BFC), Pact, broadcasters and the UK Screen Alliance.
- In July 2020, the UK Government also announced the launch of a significant £500 million Film and TV Production Restart Scheme to assist UK film and television productions struggling to get insurance for COVID-19 related costs.³⁸
- Demonstrating the resilience of the sectors, and the high degree of investor interest, the BFI has reported that the combined spend on film and HETV production in the UK in the first half of 2021 was, at £3.6 billion, the highest combined film and HETV reported in the quarterly official statistics release on record.^{39, 40}

³⁷. *Film and high-end television production in the UK, January-June (H1) 2020*. The BFI RSU, 30 July 2020. Accessible at: <https://www2.bfi.org.uk/sites/bfi.org.uk/files/downloads/bfi-film-other-screen-sectors-production-uk-h1-2020.pdf>

³⁸. *Guidance – Film & TV Production Restart Scheme*. Department for Digital, Culture, Media & Sport and HM Treasury, 17 September 2020. Accessible at: <https://www.gov.uk/government/publications/film-tv-production-restart-scheme>

³⁹. *Film, and high-end television production in the UK; January-June (H1) 2021*. The BFI RSU, 29 July 2021. Accessible at: <https://core-cms.bfi.org.uk/media/11588/download>

⁴⁰. The global value of screen production and its potential role in COVID-19 economic recovery was examined in *Global Screen Production – The Impact of Film and Television on Economic Recovery from COVID-19*. Ibid

- In the video games sector, research from Ukie undertaken in 2020 shows that overall productivity in the industry remained high through the pandemic, with businesses working at 80% productivity during the worst of the COVID-19 crisis. The research also showed that 80% of video games businesses were making no plans to reduce headcount in response to the crisis.⁴¹
- Against this backdrop, the data and analysis in this edition of *Screen Business* show the development of the screen sectors in receipt of tax relief in the pre-COVID-19 era. For policymakers, the study provides clear evidence of the impacts generated by the reliefs. For future analyses, the study will provide the baseline for further understanding of the impacts of COVID-19 on the UK screen sectors – and the role these sectors are able to play in driving economic growth.

⁴¹. *Playing On – The UK games and interactive entertainment industry during the COVID-19 pandemic*. Ukie, 22 July 2020. Accessible at: <https://ukie.org.uk/news/ukie-s-playing-on-report-highlights-the-resilience-of-uk-games-industry-during-covid-19>

Key economic findings, 2016-2019

Tax relief-supported impact													
		FTR				HETR				VGTR ⁶			
		2016	2017	2018	2019	2016	2017	2018	2019	2016	2017	2018	2019
Direct economic impact ¹	Employment (FTEs)	29,560	33,430	31,630	31,160	13,950	18,600	19,770	28,760	7,410	5,890	6,190	5,640
	GVA (£m)	2,443.1	2,862.3	2,877.7	2,912.5	817.3	1,116.8	1,184.3	1,798.7	469.3	607.5	655.2	592.7
	Taxation (£m)	628.6	709.4	736.7	729.1	252.3	405.9	451.4	668.0	165.9	139.8	160.1	143.9
Total economic impact ²	Employment (FTEs)	63,180	73,000	68,460	68,930	28,910	40,760	43,220	64,310	14,680	11,450	14,130	15,030
	GVA (£m)	4,162.9	4,929.6	4,906.0	4,975.5	1,553.9	2,242.9	2,431.5	3,674.3	834.5	887.5	1,055.4	1,064.2
	Taxation (£m)	994.5	1,181.6	1,202.1	1,199.9	413.3	667.7	743.3	1,105.0	236.2	196.3	238.9	246.3
Overall economic contribution ³	Employment (FTEs)	95,130	114,200	114,290	120,650	34,900	48,320	52,320	74,620	14,830	11,540	14,230	15,130
	GVA (£m)	5,673.4	6,946.1	7,231.5	7,684.9	1,822.0	2,589.6	2,860.2	4,177.0	843.6	893.1	1,061.8	1,070.4
	Taxation (£m)	1,702.2	1,702.2	1,801.4	1,892.9	497.6	776.7	878.1	1,263.1	238.3	197.6	240.3	247.7
Return on Investment ⁴	Economic (GVA per £ of tax relief)	7.47	7.51	7.96	8.30	5.98	6.67	6.72	6.44	1.83	1.75	1.83	1.72
	FTEs per £m tax relief	147	147	148	152	125	136	132	126	32	22	24	4

Tax relief-supported impact													
		ATR				CTR ⁷				Total			
		2016	2017	2018	2019	2016	2017	2018	2019	2016	2017	2018	2019
Direct economic impact ¹	Employment (FTEs)	1,780	1,850	1,800	1,460	860	1,330	1,920	1,610	53,560	61,100	61,310	68,630
	GVA (£m)	112.1	140.0	135.2	130.6	43.8	92.3	127.1	132.2	3,885.6	4,818.8	4,979.5	5,566.7
	Taxation (£m)	43.6	72.5	77.1	74.2	13.4	35.4	51.8	56.2	1,103.8	1,363.0	1,477.2	1,671.4
Total economic impact ²	Employment (FTEs)	3,290	4,110	4,100	3,730	1,660	2,980	4,220	4,030	111,720	132,300	134,130	156,030
	GVA (£m)	186.4	258.1	261.0	254.6	83.9	179.1	251.2	264.1	6,821.7	8,497.2	8,905.1	10,232.8
	Taxation (£m)	58.8	98.2	104.7	101.3	21.6	53.5	77.7	84.0	1,724.4	2,197.3	2,366.8	2,736.4
Overall economic contribution ³	Employment (FTEs)	4,030	4,810	4,780	4,360	1,660	2,980	4,220	4,030	150,550	181,850	189,840	218,790
	GVA (£m)	220.1	290.5	293.0	285.2	83.9	179.1	251.2	264.1	8,643.0	10,898.4	11,697.6	13,481.6
	Taxation (£m)	68.3	107.6	114.0	110.2	21.6	53.5	77.7	84.0	2,211.0	2,837.6	3,111.6	3,597.9
Return on Investment ⁴	Economic (GVA per £ of tax relief)	4.41	3.94	3.74	4.53	2.72	2.90	2.65	3.20	--	--	--	--
	FTEs per £m tax relief	86	70	66	75	55	54	49	55	--	--	--	--

Notes:

1. Includes direct impact of the production sub-sector and other value chain sub-sectors
 2. Includes direct and multiplier effects (ie indirect and induced impacts) for all value chain sub-sectors
 3. Equal to sum of direct, indirect and induced impacts and spillover effects
 4. Return on investment (RoI) data relate to returns per £ (GVA) or £m (FTEs) of tax relief granted; based on **additional** total economic impact + **additional tourism spillovers**
 5. Full economic impact of the UK video games sector – including elements not applying or eligible for VGTR – can be found in Appendix 1. This shows a total economic contribution, including spillovers, of 73,370 FTEs in 2019, with a GVA contribution of £4.63 billion
 6. See note on RoI and VGTR in Section 2.6. for context
 7. As no spillover value has been included for CTR, the overall economic contribution is the same as total economic impact across the value chain
- GVA refers to gross value added; FTEs refers to full-time equivalent jobs; RoI not applicable for total column; no spillover effects have been estimated for CTR due to a lack of data



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