

The People's Pictures

The People's Pictures:
National Lottery Funding and British Cinema

By

James Caterer

**CAMBRIDGE
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P U B L I S H I N G

The People's Pictures: National Lottery Funding and British Cinema,
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For Annie, who first took me to the pictures.

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INTRODUCTION

This book is a detailed study of the British film industry in its political context. It provides a snapshot of a relatively brief but typically tumultuous period, from 1995 to 2000, and focuses upon the introduction and early years of a new cultural policy mechanism: National Lottery funding for film. When I began to research this project in 2003, those five years felt dangerously close and present, to the extent that it was difficult to close them off as a moment in history. But as I put the finishing touches to this book in the summer of 2011, this is clearly no longer the case. In the intervening years, an entire political dynasty has run its course. Under New Labour, public expenditure on education, the health service and the arts significantly increased, and the impact of National Lottery funding became tangible in new public buildings up and down the country, from the Tate Modern in London to the Baltic in Gateshead. The UK Film Council, which took over the distribution of Lottery money to filmmakers from the Arts Councils in 2000, provided a decade of relative stability in film policy terms, and was then unceremoniously dumped by the incoming coalition government in 2010. One of the final projects to have received financial support from the Film Council, *The King's Speech* (2010), swept the boards during awards season early in 2011, and has also been an enormous popular hit, generating over £45 million at the UK box office.¹ Therefore, given all this water under the bridge, what particular value does the late 1990s continue to hold for British film historians of the twenty-first century?

The years between 1995 and 2000 were a period of innovation and experimentation which irrevocably altered the relationship between British cinema and the state. Over this period, the four Arts Councils of England, Wales, Scotland and Northern Ireland ploughed £135 million of Lottery funding into filmmaking, assisting over 400 film and video projects.² This

¹ Adam Dawtry, "Shuttered Film Council reaps rewards for BFI," *Variety*, March 14, 2011, 4.

² This figure is calculated from data provided for the purposes of this project by the four Arts Councils of the UK, and contained in my awards database. This data is available online at James Caterer, "The People's Pictures Appendices," *Google Sites*, <https://sites.google.com/a/brookes.ac.uk/jamescaterer/>.

significant financial boost was accompanied by an ambitious plan which aimed to reform the structure of the film industry. Under this plan, three private consortia of companies, known as “franchises” were granted privileged access to Lottery funding, which could be spent on script development, production or distribution. By the year 2000, new industry “super-body” the Film Council was ready to take over the bulk of film funding from the Arts Council of England, and also to absorb other key elements of the public funding support for the UK film industry. In terms of its dramatic financial and institutional changes, this was a period comparable only to the years immediately following World War II, which saw the introduction of the National Film Finance Corporation, the Eady Levy, and the Group Production Plan. The lively debates which took place around these transformations in the public sphere are also vital for this project, as they illuminate the contested status of cinema in our national life.

The source of the film industry’s newfound *largesse*, the National Lottery itself, was introduced by John Major’s Conservative Government in 1994 to generate revenue for designated “good causes”; initially sport, heritage, charities, the Millennium celebrations, and the arts. This raised the question of whether the production of more home-grown feature films was really as worthy a “cause” as the maintenance of the nation’s concert halls, its historic buildings, or its parks and leisure facilities. In addition, the system of distributing Lottery money to the arts through the four Arts Councils of the home nations meant that filmmaking was placed on an equal funding basis with opera, ballet or the visual arts. The coronation of cinema as a state-sanctioned art form, deeming it worthy of public protection and preservation, is problematic both for arts traditionalists and for *laissez-faire* economists, all of whom argue that industrial leisure commodities, such as films, should be provided by market forces alone. However, such market forces, acting with impunity since the film industry’s deregulation in the early 1980s, had produced a malnourished production sector largely reliant on television for its funding and talent, whilst Hollywood consolidated its hold over the UK’s distribution and exhibition networks. If this is what had become of the UK’s national cinema, was this situation acceptable? If not, what could be done to improve the fortunes of the UK film industry?

Whilst researching this book, my primary aim has been to document and contextualise these debates in order to forge a greater understanding of this period, as well as its importance for the larger history of national cinema in the UK. Therefore, in the first three chapters to follow I investigate the history of film policy within the UK, and consider the

extent to which historical precedents informed the design of the Lottery mechanism. I then explore the reasons for the system's development and how it worked in practice, where the money was spent, and what kinds of films and filmmakers benefited. These questions are posed in order to reveal the underlying processes at work. However, whilst these socioeconomic processes and their histories are significant within themselves, they become most fascinating when considered in conjunction with their end products—the corpus of Lottery-funded films. For this reason, unusually for a work concerned with film policy, the second half of this book is textually focused. A wide range of Lottery-funded feature films, shorts and artists' film and video projects are discussed, compared and analysed. Here, my working hypothesis is that these texts provide invaluable lenses through which the UK's complex and shifting film production ecology might be brought into focus.

Around one in every five UK feature films produced in the late 1990s benefited from National Lottery funding;³ it is therefore important to note that the category of Lottery-funded feature films, although sizeable, remains a minority of the total output of the film industry during this period. Many of the most profitable and influential films released between 1995 and 2000 had no involvement with the scheme. As such, the reasons for separating out the Lottery-funded films from the rest of the pack need to be considered carefully. Does this method produce a representative sample of the industry as a whole, or are certain types of films more likely to fall within the Lottery remit, producing a more internally consistent grouping? Or do the differences lie not within the films themselves, but in the ways in which they are consumed by critics and audiences? With regard to these questions, a productive initial example is provided by Andrew Köttling's Lottery-funded feature film *Gallivant* (1997). This project grew out of Köttling's long-running relationship with the Arts Council, and was also supported by Channel Four and the British Film Institute (BFI). In September 1995, it became one of the first film projects to receive a National Lottery award through the Arts Council of England.⁴ More recently, it has benefited from a beautifully packaged DVD released by BFI publishing. This is therefore a film which has received high levels of support from public institutions during its production and its subsequent consumption.

³ As detailed in Chapter Three, 120 of the 608 features which went into production during this period had support from National Lottery funding.

⁴ For more details on *Gallivant's* production history, see Chapter Five.

In this light, Margaret Dickinson's remark that *Gallivant* "reaches the public carrying a cultural burden" opens up a series of issues surrounding the nature of public patronage and its effects, both upon the cultural artefacts which it helps to create and the ways in which they are interpreted.⁵ Dickinson's comment should be considered in the context of her work as a historian both of British film policy and of the independent filmmaking sector.⁶ It is taken from her review of *Gallivant* in the avant-garde and art cinema journal *Vertigo*, wherein she describes the film's "cultural burden" as a complication for her own reviewing process. For Dickinson, this "burden" is one which not only weighs the film down—suggesting that it may creak or even collapse under the weight of institutional expectation—but also somehow insulates it against criticism. In a sense, by expressing her own reservations about a film which had been so whole-heartedly embraced by the public sector, Dickinson presumably feels that she is betraying her strong support for the concept of public funding for artists' film. Other critics came to the film with entirely different axes to grind. Alexander Walker of London's *Evening Standard*, for example, was a vocal critic of National Lottery funding for filmmaking, and frequently used his film reviews to tot-up the amounts of public money that had been wasted. His discussion of *Gallivant* brusquely concludes that "the budget was £334,306, including £150,465 Lottery funding. Unlikely that the punters or the picture makers will see a penny of it back."⁷ Walker had a preference for art cinema which meant that, for once, he could bear this loss; overall, however, his argument was clear: the "burden" associated with Lottery-funded cinema was financial rather than cultural, and was borne by the British public.

For Dickinson, this "burden" is a specifically cultural one, as *Gallivant* was funded for reasons other than the commercial. However, the history of film policy in the UK demonstrates that *economic* goals have most often been the first concern of the state when it has opted to intervene in national cinema. In the 1920s, the film industry became the focus of wider debates concerned with protecting British economic interests against mounting international competition—both at home and in the Empire.⁸ Following the first Cinematograph Films Act in 1927, the Board of Trade held

⁵ Margaret Dickinson, "Gallivant," *Vertigo*, 1:7 (Autumn 1997): 28.

⁶ e.g. Margaret Dickinson, ed., *Rogue Reels: Oppositional Film in Britain, 1945–1990* (London: BFI, 1999).

⁷ Alexander Walker, "Around the coast in weird ways," *Evening Standard*, September 18, 1997, 27.

⁸ Margaret Dickinson and Sarah Street, *Cinema and State: The Film Industry and the British Government 1927–1984* (London: BFI, 1985), 5–7.

responsibility for the film industry until the early 1990s. With film firmly categorised as an industrial activity, successive governments implemented primarily economic film policies: the quota system, the “Eady Levy”, tax incentives, and public funding bodies, such as the National Film Finance Corporation, later known as British Screen, were all designed to bolster the production of British feature films aimed at a wide audience. But running alongside these policies have been other schemes driven by different sets of motives. John Grierson’s documentary film units, the BFI and the Arts Council have all channelled small amounts of public money into non-mainstream film culture, as more recently have European initiatives and broadcasters, particularly Channel Four. The cultural aims of such initiatives work on a variety of scales, ranging from notions of projecting the national interest, to providing a space for collective debate on issues of national importance, to giving voice to the culturally disadvantaged, or even to romantic ideals of personal expression. One of the most important ambitions of the Arts Councils in the early years of National Lottery funding for film production was to bring together these economic and cultural drives to produce a wide range of films, encompassing expensive period dramas, medium-budget comedies, and more economical short films and artists’ film and video works. Films funded through a combination of these objectives are therefore given a particular “mandate” to operate in the public interest.⁹

Populism and Film Funding

The title of this book takes its cue from John Major’s description of the new charitable gambling mechanism at its launch in 1994. By christening the scheme “the people’s lottery”, Major was not only responding to early criticisms of the scheme—particularly the decision to hand the operating licence to a private consortium with shareholders—but was also invoking a complex and potent descriptive label.¹⁰ Ascribing the ownership of a policy to the people is a rhetorical strategy associated with “populism”, a political doctrine with great emotive power but little in the way of fixed content. As Paul Taggart has noted, populism is essentially an empty

⁹ I am borrowing the concept of the “mandate” given to filmmakers from Simon Blanchard and Sylvia Harvey’s discussion of independent cinema. Blanchard and Harvey, “The Post-war Independent Cinema—Structure and Organisation,” in *British Cinema History*, ed. James Curran and Vincent Porter (London: Weidenfeld and Nicholson, 1983), 226–227.

¹⁰ John Major cited in Anon., “Don’t tax the poor to amuse the rich,” *Daily Mail*, November 15, 1994, 10.

vessel, making it an invaluable tool for politicians of every ideological persuasion.¹¹ It was crucial to the beginnings of democracy in the United States, but has also been strongly associated with Marxist socialism. Within recent British politics, populism has been appropriated in a wide variety of ways, from the semi-humorous nickname of the left-leaning Sheffield City Council during the 1970s and 1980s, “the people’s republic of South Yorkshire”,¹² through to Margaret Thatcher’s vision of a home and share owning democracy, and to Tony Blair’s eulogy for Diana, Princess of Wales, “the people’s princess.” Major’s invocation of populism in relation to the National Lottery was founded upon Conservative neo-liberal economic principles, which state that the freedom of the market is more democratic than state intervention, and yet the mechanism was designed with philanthropic intent. This created a further implication for the best use of the proceeds: the money raised should be spent on what the ordinary people of the country want, not on some fossilised, elitist ideal of national culture. In this manner, the National Lottery was handed to the mythical stewardship of the Everyman.

The status of populism is especially contested within the area of cultural activity. The notion of “cultural populism” has an added set of connotations associated with the breakdown of barriers between high and low culture, or what Richard Hoggart refers to as “the tyranny of relativism.”¹³ Cultural populism is one of the key principles enabling film and media studies to be considered as serious disciplines within academia, although it is by no means an unchallenged truism.¹⁴ More broadly, in the public sphere, cultural populism validates activities which have, at various points, been excluded from the rarefied domain of state-sponsored culture; here, the trajectory of the Arts Council itself is indicative. As established by the economist and Bloomsbury intellectual John Maynard Keynes in 1946, its remit was initially restricted to opera, ballet and classical theatre, but over time many more art forms have joined this list, including film, video and television, all of which were granted their own separate

¹¹ Paul Taggart, *Populism* (Buckingham: Open University Press, 2000).

¹² “The people’s republic of South Yorkshire” was reportedly coined by Conservative MP Irvine Patnick during the period of David Blunkett’s leadership of the council, 1980-1987. See Rachel Sylvester, “The blind boy who never stopped fighting,” *Daily Telegraph*, December 16, 2004, 6.

¹³ Richard Hoggart, *The Tyranny of Relativism: Culture and Politics in Contemporary English Society* (New Brunswick: Transaction, 1998).

¹⁴ See Jim McGuigan, *Cultural Populism* (London: Routledge, 1992).

department in 1986.¹⁵ The types of films sponsored by this new department were restricted by both finance and cultural sensibility to low-budget, often avant-garde works. The arrival of the National Lottery in 1995 promised previously unimaginable amounts of public funding to filmmakers, upon the understanding that British popular cinema would be a major recipient. As noted in Chapter One, however, the distribution of National Lottery funds to filmmakers was certainly not the first attempt to supporting popular cinema in the UK through public intervention. Thus, the quota legislation introduced in 1927 in effect provided exhibition space, which was filled by populist fare, whilst the Eady Levy was designed to reward box-office success in the hope of stimulating further hits. The Lottery scheme generated its own versions of long-running debates, which are worth rehearsing here before the films are considered in detail.

In the case of Lottery funding for film, the competing interests of commerce and culture were heightened by the scheme's resources, which were ample enough to make a real impact on production levels. Nonetheless, such resources were subject to the peculiarities of a selective award mechanism administered by institutions with largely cultural remits. Assessment criteria were designed to implement these remits, and these criteria could, in themselves, become the focus of debate.¹⁶ Overall, the National Lottery's principal constraining factor was one of "additionality", a concept which attempted to ensure that previously existing funding, both private and public, was not simply replaced by the Lottery's proceeds. The logical corollary of this idea is that Lottery funding for film production should not simply aim to produce the same types of films already being made by the industry, but, by definition, these are the most popular types of films. Further aggravating the issue of risk and return was the fact that Lottery awards to filmmakers were considered as investments rather than straight-forward grants, and therefore some measure of return or "recoupment" was to be expected. Each of these tensions proved particularly problematic within the realm of Lottery funding for popular cinema. For instance, some producers argued that easily available finance would distort the market, and vociferously objected to the idea of filmmaking "by

¹⁵ The Arts Council of Great Britain had been making film documentaries about artists since the early 1950s, but such activity was overseen by the Visual Arts Department.

¹⁶ See the account of the debate over the concept of "public benefit" in Chapter Two.

committee”.¹⁷ Demonstrating that a film project would be of benefit to the public and would provide additionality (or added value) for the film industry was often easier for those filmmakers with an art cinema sensibility and access to the long-running arguments in favour of supporting this type of activity. Higher expectations of profitability also meant that the failure to recoup Lottery money invested in ostensibly “commercial” cinema would later become damaging for the scheme.

In several senses, the stakes were high for Lottery-funded popular cinema, but the potential rewards for the film industry were also considerable. It was hoped that providing a reliable flow of good quality British films could begin to change audience tastes and build demand for home-grown popular cinema alongside Hollywood imports. With cinema attendances rising year on year throughout the 1990s, and further exploitation windows opening thanks to continuing technological advances, the dream of a film industry supported largely by domestic audiences was becoming a possibility for the first time since the period following World War II.¹⁸ This is not to underestimate the importance of the international market where, in theory at least, Lottery-funded hits could generate large amounts of income, off-setting inevitable disappointments, but a sustainable national film industry was considered the best breeding ground for these same breakthrough successes. Optimistic objectives such as these are driven by one crucial assumption: that UK films produced in the popular cinema mode would, in fact, prove to be genuinely popular with domestic audiences. Of course, this is not always the case, largely because of the fact that Hollywood films are the most widely consumed product within British film culture. A strictly populist viewpoint might therefore question the value of supporting home-grown popular cinema at all and, to some extent, this thinking can be observed behind the decisions to award Lottery funding to bigger-budget international co-productions. However, the wholesale support of Hollywood production by British public funds would have been both deeply unpopular and entirely unnecessary, which illustrates that, within the arena of public funding, the populist drive is inevitably tempered by competing factors.

¹⁷ See the comments made by Simon Perry and Duncan Kenworthy in Adam Dawtry, “Whole Lotto Shakin’ in Brit Film Funding,” *Variety*, May 6, 1996, 23, 26, 214.

¹⁸ Gerald Kaufman’s 1995 Select Committee report on the UK film industry concludes that “The growing audience is the key to a flourishing industry.” Department of National Heritage (DNH), *The British Film Industry*, Cmnd. 2884 (London: HMSO, 1995), 39.

Viewpoint and Methodology

The Arts Councils' five-year involvement with the UK film industry was a period of experimentation which now forms an invaluable case study of cultural policy in practice; however, I have opted to concentrate particularly upon the Arts Councils for another reason. This focus allows me to make use of my own personal history as an employee of the Arts Council of England's Lottery Unit between 1998 and 2002. Whilst this book is certainly not a first-person account—as the majority of the information found herein is in the public domain—it would be disingenuous to ignore the implications of my closeness to this research topic. In practical terms, this closeness facilitated certain methodologies, particularly the building of my awards database made up of data obtained directly from the four Arts Councils. This database provides many of the statistics found throughout this book, and forms the basis of the extensive and original statistical analysis found in Chapter Three. My own experience within this system also encouraged me to speak directly to several of the key policy-makers and practitioners involved in this period, and the resulting interviews were crucial in terms of challenging and developing my arguments. Here I share Maggie Magor and Phillip Schlesinger's position that the “actors pursuing competing interests in the policy process” deserve far more scholarly attention than they have previously received.¹⁹ More broadly, I have been careful to signal those moments in this project when my viewpoint specifically impacts upon the threads of my argument. In this way, I hope this book represents a productive balance between objective evidence and subjective experience.

Given my personal involvement in many of the issues and debates discussed in this book, it is vital to be transparent about my opinions and objectives. The initial impetus for this project was a desire to shed light upon a set of institutional circumstances which were badly misunderstood and misrepresented within the public arena. The dominant assumption about this period was—and, to some extent, still is—that it was a terrible misjudgement to allow antiquated cultural institutions like the Arts Councils to have any responsibility over a large-scale economic activity, such as filmmaking. Whilst it is certainly true that the problems of the UK film industry were not miraculously solved by five years of Lottery investment, I would suggest that the Arts Councils were not solely to blame for this outcome. In addition, there were certain positive results of

¹⁹ Maggie Magor and Philip Schlesinger, “‘For this relief much thanks.’ Taxation, film policy and the UK government,” *Screen* 50:3 (2009): 299.

the scheme which would not have occurred without the Arts Councils' involvement, such as the unusually "joined up" spectrum of artists' film and video, short films and feature length art cinema, which took place at the Arts Council of England. Other areas were more problematic, particularly the failure to achieve a consistent level of box-office success for larger budget feature film projects, although I maintain that it is just as important to evaluate failure and consider the lessons it may offer as it is to celebrate success. If my own detachment from this topic has grown during the course of this project, my belief that cinema is just as deserving a recipient of National Lottery funds as arts centres, swimming pools or heritage landmarks remains undiminished.

In Chapter One of this book, I consider the UK's previous economic and cultural film policies in relation to the recent development of National Lottery funding. In particular, the occasionally fractious relationship between the Arts Council of Great Britain and the British Film Institute provides an instructive backdrop to the situation of the 1990s. Chapter Two forms a narrative history of the development of National Lottery funding for film as an instance of cultural policy in practice. Here I examine key concepts, such as the principle of "additionality", and explore vital debates, such as that which surrounds the notion of the scheme's "public benefit". The two key policy changes which affected the latter stages of this period are also discussed in detail, namely the Lottery Franchise scheme and the establishment of the Film Council, which ended the Arts Council of England's involvement with the film industry in April 2000. In Chapter Three, I interrogate these developments through the use of statistical analysis, which provides some predictable and some surprising results. For example, it is usually assumed that a major failure of the Lottery film production scheme was that it did not take sufficient account of distribution, but my analysis suggests that this is an unfair assessment. Chapter Three also contains extensive evaluation of the scheme's other difficulties, such as the failure of some Lottery-funded film projects to reach production. The truncated production history of one of these projects, *Jack Sheppard and Jonathan Wild*, is examined, along with an example of an expensive Lottery-funded "flop", *Amy Foster* (1998).

The final two chapters of this book are driven by the most challenging and rewarding objects of film policy analysis: the films themselves. Chapter Four considers how the populist rhetoric of the Lottery affected the film production scheme; in particular, I examine a range of Lottery-funded comedies in light of the economic and cultural objectives they were expected to fulfil. The chapter concludes with a case study of the one major Lottery-funded hit of the period, *Billy Elliot* (2000). In Chapter

Five, I focus upon the “art” of the Arts Councils, providing a survey of the art cinema made with the involvement of National Lottery funding. Here I argue that, perhaps contrary to expectations, the populist intervention of the Lottery produced a distinctive legacy of art cinema projects made up of artists’ film and video work, short films, and feature-length art cinema. I also provide a case study of a Lottery-funded art-house film, which is centrally concerned with the artistic process and its relationship to the public sphere: the Francis Bacon biopic *Love is the Devil* (1998). This film was initially developed by the Production Board at the British Film Institute, which was a small-scale but nevertheless vital lifeline for British art cinema in the 1970s and 1980s. As this book goes to press in 2011, the BFI are taking on the responsibility of large-scale commercial film funding for the first time, which makes the many mistakes and selected small victories of the Arts Council’s five-year encounter with the British film industry all the more topical, important and relevant.

CHAPTER ONE

FILM POLICY, INDUSTRY AND CULTURE

Exhibitors *know* that the fostering and strengthening of British production can be a fortifying bulwark against the monopolising aggression of our American cousins.¹

Kinematograph Weekly, 6 August 1925

A radical shift of policy was sanctioned: it became the avowed intention to intervene in the cultural drift of things in order to establish a British Art Cinema.....²

Peter Sainsbury on BFI Production in the 1970s

The Arts Council will announce on Thursday that it is financing five or six films, from Hollywood-style blockbusters to art-house 15-minute shorts...³

The Independent, 18 September 1995

These three statements are selected from the multitude of voices that have contested film policy in the UK for more than three-quarters of a century. Each describes a moment of change for the industry: the beginnings of economic protectionism in the late 1920s; the stirrings of an explicitly “cultural” approach to the development of national cinema at the British Film Institute (BFI) in the 1970s; and the arrival of National Lottery funding for film production in 1995, which set out to combine the economic and the cultural strategies. The “monopolising aggression” of Hollywood is a central theme across this history, but this issue was particularly fraught during the 1920s, as American movies consolidated their stranglehold on the international market. As Margaret Dickinson and Sarah Street point out, during this period, the film industry became the focus of a wider political debate concerning the protection of British

¹ Charles Lapworth, “Production—and the exhibitor,” *Kinematograph Weekly*, 102:955, August 6, 1925, 26.

² Peter Sainsbury, “Independent British Filmmaking and the Production Board,” in *Catalogue: British Film Institute Productions 1951-1976* (London: BFI, 1977), 11.

³ Marianne Macdonald, “Lottery goes into the blockbuster business,” *The Independent*, September 18, 1995, 1.

economic interests at home and abroad—a question thorny enough to lead to the Conservatives’ General Election defeat in 1923.⁴ As a result, quota legislation was introduced to protect the interests of the British film in 1927, and the industry was placed under the auspices of the Board of Trade. Thus categorised as an industrial activity, successive governments implemented primarily economic film policies: the quota system formally sanctioned a guaranteed proportion of cinema screen time for British films; the “Eady Levy” redirected revenue from the profitable exhibition sector back to the cash-starved producers; and public funding bodies, such as the National Film Finance Corporation, later known as British Screen, provided direct financial help to encourage production.

Running alongside these broadly fiscal policies have been other schemes driven by different sets of motives. The “radical shift in policy” at the BFI during the 1970s is one example of such attempts, which can be grouped together loosely under the heading of “cultural” initiatives. The early years of state-sponsored filmmaking in the UK were led by John Grierson and the documentary film units at a time when the BFI’s aims were modest and educational. Following World War II, a new model of direct intervention in cultural activity was provided by the setting up of the Arts Council of Great Britain, which began to channel small amounts of public money into film activity outside of the mainstream, as did the BFI. In later decades, television broadcasters—in particular Channel Four—would also engage with “the cultural drift of things”. Subsequently, in 1995, these two divergent motives came together in the shape of National Lottery funding for film production administered by the Arts Councils, which was a mechanism constitutionally charged both with supporting the previously unsupported *and* with making money. From “Hollywood-style blockbusters” to “art-house shorts”, the Lottery promised to heal the commerce/culture rift and thus deliver a new unified policy for cinema in the UK. This convergence of previously discrete interests provides a tempting narrative arc through which to explain the subsequent successes and failures of the new system. In reality, of course, the situation was more complex than this narrative allows.

An important problem with this narrative concerns the contested definition of the term “cultural”, as it has been utilised in film policy. This, in turn, reflects the complex set of meanings which have built up around the word “culture” itself.⁵ In its more general sense, “culture” refers to the

⁴ Margaret Dickinson and Sarah Street, *Cinema and State: The Film Industry and the British Government 1927–1984* (London: BFI, 1985), 5–7.

⁵ See Raymond Williams, *Culture* (London: Fontana, 1981), 10–14.

“way of life” of a particular social grouping, most often nations or states. Thus, “British culture” is the shared social construction which contains notions of national identity, from high ideals, such as parliamentary democracy, to banal (yet richly symbolic) traditions, such as the cup of tea. However, “British culture” also refers more specifically to the intellectual and artistic activity originating in this country, which then may go on to circulate internationally. An even more narrow definition differentiates between high and low (or popular) culture, a delineation which has particular importance in the debates around cinema. Therefore, “cultural” issues within film policy have drawn on any or all of these definitions: censorship is an attempt to maintain a set of shared (or imposed) ethical values; the fear of “Americanisation” resulting from too many Hollywood movies implicitly suggests that British culture is superior to that of “our American cousins”; and notions of “propaganda” make the link between representation and national identity explicit. However, in recent years, the cultural question of film policy has tended to concentrate upon the support of (high culture) art cinema to compensate for the failure of the market to provide such activity. In this sense, it tends to be perceived in opposition to the economic drive to create a sustainable national film industry.

The fact that most cinema is produced via an industrial rather than an artisanal process means that questions of culture and economics cannot be separated easily. For example, in the 1920s and 1930s, at the same time as the growth of interest in film as an art form exemplified by the establishment of the London Film Society and the publication of the journal *Close Up*, there was also keen public debate surrounding the cultural effects of mainstream cinema. An oft-repeated slogan of the time, “trade follows the film”, contains an understanding of film’s potential to influence audiences in their consumer choices.⁶ The mechanisms chosen to deal with this problem may have been largely economic, but the motivations and purposes of each were at least as much cultural as they were financial. Similarly, it is difficult to completely exclude questions of an industrial nature even from the most stridently “cultural” policy decisions. For example, Peter Sainsbury’s achievements as Head of Production at the BFI in the 1980s were built around a closer allegiance of

⁶ Paul Swann attributes the origin of this slogan to a speech made by the Prince of Wales in 1923. Swann, *The British Documentary Film Movement, 1926–1946* (Cambridge: Cambridge University Press, 1989), 10.

the organisation's production, distribution and exhibition activities.⁷ These complexities are vital and provide much of the richness of debate that surrounds film policy. Nevertheless, historically, there has been a clear separation between those who wished to place the mainstream industry on a stronger footing and those who believed in helping filmmakers on the margins—not least in terms of the scale of the resources available to each. The Lottery certainly changed this equation, for the first time bringing many millions of pounds of public money within the reach of all filmmakers, whether driven by art, profit, or a combination of the two.

At this point, it is important to remember that the focus of this book is on institutions which have broadly cultural rather than industrial remits. In particular, the Arts Councils carry the responsibility for the nation's artistic heritage, and have tended, through the influence of their founder, John Maynard Keynes, to privilege high culture ideals. If only for this reason it is worth attempting to maintain a separation between issues of economics and culture within the following contextual history, although the connections and interplay between the two will not go unnoticed. The first section of this chapter considers each of the major initiatives taken by the British government to support film as an industry prior to the influx of National Lottery money in 1995. Quota protectionism, the Eady Levy, the National Film Finance Corporation (later British Screen) and its off-shoot the "Group Production Plan", European co-productions and tax incentives are each examined in terms of their objectives, successes and failures, and the corresponding debates provoked by each. Without being too prescriptive, the purpose is to illustrate the developments and continuities in these debates across the decades, particularly insofar as they provide useful precedents for the Lottery-funded era. The second section concentrates on the historical initiatives which have aimed to support non-mainstream film activity within the UK, again tracing a path which eventually leads to the late 1990s. The early history of state-supported filmmaking is focused upon the documentary film movement, driven by John Grierson's charisma and artistic ambition. In the post-war period, the emergent Arts Council was also involved in documentary film production, and later provided consistent support for avant-garde "artists' film". The BFI's own investment in "experimental" filmmaking created an artificial rift between the two organisations, which sheds light upon later tensions. Finally, Channel Four's commitment to innovation brought a new audience to the avant-garde, as well as providing vital support for

⁷ For an illustration of his financial acumen, see Peter Sainsbury, "The Financial Base of Independent Film Production in the UK," *Screen*, 22:1 (1981): 41–53.

independent feature films. The chapter concludes with a brief overview or “map” of the film policy environment as it existed prior to the influx of National Lottery money in 1995.

Industrial Initiatives

In 1925, as politicians debated the protection of British interests against foreign competition and the idea that “trade follows the film” took hold, the Federation of British Industries (FBI) presented a memorandum to the Board of Trade, which was important enough to warrant publication in full by the trade paper *Kinematograph Weekly*.⁸ It contained one suggestion that proved particularly influential:

The proposal favoured by the Federation and their associated bodies, which may better be called the “Quota” system, is that the exhibitor shall, by legislation, be required to show a reasonable percentage of British films in his program.⁹

In Germany, “renters” (distributors) were obliged to handle one local film for every imported one of equal length; this was a high quota level, but one which applied at the point of distribution rather than exhibition.¹⁰ In Britain, a lower *exhibitors’* quota of 12%—eventually rising to 37%—was considered “reasonable”. By providing a guaranteed share of the domestic market for British pictures, it was hoped that the confidence of investors would increase, thereby stimulating production. In the following issue, *Kinematograph Weekly* published a selection of “trade views” on the memorandum, which seemed broadly in favour of adopting the quota system.¹¹ As the measure progressed through Parliament, it faced some opposition from the exhibition sector, but the cinema managers were placated by a reduction in their initial quota level to just 5%. At the same time, 7.5% of films handled by renters would have to be British, thereby allowing exhibitors a vital element of choice.

Although both measures were designed to boost the production of British films, the protection of the domestic market is a very different strategy to the large-scale direct investment represented by Lottery funding.

⁸ Federation of British Industries, “To Revive Production: FBI’s Summary of the Rival Plans,” *Kinematograph Weekly*, 102:955, August 6, 1925, 30–1.

⁹ FBI, “To revive production,” 30.

¹⁰ Dickinson and Street, *Cinema and State*, 18.

¹¹ Anon., “F.B.I.’s “plans” under the microscope: Trade views and counter-suggestions,” *Kinematograph Weekly*, 102:956, August 13, 1925, 49–52.

The quota system created an (arguably) artificial demand for British product rather than simply increasing the supply and hoping for success. However, the results of the two measures, at least in terms of the number of films being made, were roughly comparable. As Figure 1-1 demonstrates, both interventions caused an immediate leap in the number of UK films being made, with an increase of 66% in 1928 and 64% in 1996. Each “boom” also triggered concerns over sustainability; between 1925 and 1936, 640 new production companies were registered in the UK, but by 1937, only 20 were still operating.¹²

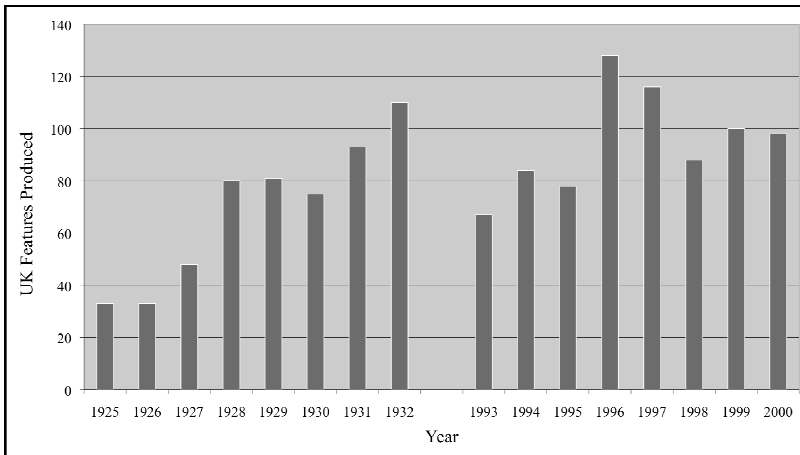


Fig. 1-1: Number of UK feature films produced 1925–1932 & 1993–2000¹³

However, the most important difference between the two systems is the effect upon budgets or the amount invested per film. Because the 1927 Cinematograph Films Act failed to include a minimum cost criteria, it transpired that some renters (many of which were American subsidiaries) chose to fill their quota by making or acquiring cheap British films without the production values of their Hollywood equivalents—the so-called “quota quickie” effect.¹⁴ As a result, fairly or otherwise, the quota became

¹² Dickinson and Street, *Cinema and State*, 76.

¹³ Eddie Dyja (ed.), *BFI Film and Television Handbook 2002* (London: BFI, 2001), 30.

¹⁴ As Lawrence Napper has demonstrated, not all of these “quickies” were despised by audiences. Napper, “A despicable tradition? Quota-quickies in the 1930s,” *The British Cinema Book*, 2nd ed., ed. Robert Murphy (London: BFI, 2001), 45–59.

associated with a decline in the “quality” of British films, which in these terms is nearly always synonymous with “cheapness” rather than any subjective measurement of worth. Although Lottery funding tended to have an opposite, inflationary effect on budgets, the films produced under this system would also face criticism over their quality and, perhaps ironically, their extravagance.

The quota was an indirect method of controlling exhibition in order to increase British production, and a logical extension to this idea was a physical redirection of the money taken at the box office back to producers. The Eady Levy was introduced in 1950 for this purpose.¹⁵ Named after Sir Wilfred Eady, a treasury official central to film policy under the then President of the Board of Trade Harold Wilson, the Levy and the new National Film Finance Corporation formed Wilson’s notable legacy for the film industry. As with the quota, the idea was taken in modified form from Europe; France and Italy had introduced similar systems in 1948 and 1949, respectively. In 1950, Eady outlined the British equivalent which would see a reduction in Entertainment Duty in return for higher cinema seat prices, with a proportion of this increased revenue being payable into a production fund. An important difference between the British scheme and its European precedents was that the fund was not specifically targeted to encourage certain types of production, but rather allocated according to box-office earnings of films. To all intents and purposes, this was an automatic subsidy for the industry at a time when to name it as such would have had severe political implications. Memories of the disastrous experiment with import restrictions, the Dalton Duty, which three years earlier had caused a near catastrophic complete boycott of the UK industry by Hollywood, were still fresh and painful. By comparison, the Levy was a modest imposition on cinemagoers, and its structure rewarded success rather than encouraging risky ventures. It was intended to be temporary, but was extended and became statutory in 1957, only being removed in 1985.

The effects of the Levy are less easy to quantify than those of the quota. The mechanism once more served to highlight the crucial importance of definitions; the precise criteria for qualification as a “British” film under successive Films Acts would have wide-ranging implications. Under the 1948 legislation, a production company was required to be registered as British in order to qualify for payments from the fund, but there were no restrictions placed upon the nationalities of stockholders or the source of the production money invested. This contributed towards a

¹⁵ Dickinson and Street, *Cinema and State*, 224–226.

dramatically increased involvement in “British” production by American capital during the 1950s and 1960s, which was also driven by the break-up of the studio system, favourable sterling exchange rates, and the need to release millions of US dollars “frozen” by the British government in the aftermath of the war.¹⁶ Bigger budget international films, such as *Tom Jones* (1963) and *Goldfinger* (1964), were allowed to benefit substantially from the Eady Levy fund, leading to the criticism that it was helping those who least needed to be helped. Very similar attacks would later be made on the Lottery film production fund. Although *The Independent*’s prediction of Lottery-funded “Hollywood-style blockbusters” was not entirely accurate, several major international production companies were involved in making films which received Lottery money, amongst them, Miramax (*Mansfield Park* (1999) and *Love’s Labour’s Lost* (1999)) and Columbia TriStar (*Amy Foster* (1998) and *Still Crazy* (1998)). Lottery awards were connected to box-office success in a different way: the expectation was that they would be repaid to the Arts Council should the productions show a profit, a process known as “recoupment”; this proved to be equally problematic given the relatively poor performance of the majority of the films.

Whilst the primary function of the Eady Levy was to act as a hidden subsidy for the commercial film industry, it was also channelled into smaller-scale “cultural” initiatives, such as the Children’s Film Foundation and the BFI Production Board. However the most significant single recipient of the fund was the National Film Finance Corporation (NFFC). The idea for a state films bank which would make loans to support production had been around for a long time; it was one of the unsuccessful recommendations put forward by the FBI’s memo published in *Kine Weekly* in 1925. It wasn’t until 1948 that the Board of Trade began to give the notion proper consideration, which was largely owing to the perilous financial situation of British Lion, the independent production company born out of the quota period, which had recently been acquired by Alexander Korda.¹⁷ Some fifteen years earlier, Korda had scored a sizeable commercial hit in the US with *The Private Life of Henry VIII* (1933), but had since struggled to repeat this success. Harold Wilson was advised that British Lion’s collapse would effectively remove all competition from the major combines, Rank and ABPC, but found it impossible to sanction such preferential assistance to a single company. The result was the National Film Finance Corporation, which had an initial

¹⁶ See Jon Stubbs, “The Eady Levy: A Runaway Bribe? Hollywood Production and British Subsidy in the Early 1960s,” *Journal of British Cinema and Television* 6:1 (2009): 1–20.

¹⁷ Dickinson and Street, *Cinema and State*, 211–219.

annual budget of £5 million, £3 million of which immediately formed a loan to British Lion. The NFFC's official brief was to supplement (rather than compete with) private finance through the provision of small amounts of "end money" to a large number of projects.¹⁸

One interesting off-shoot of the NFFC was an ambitious experiment in utilising public funds to encourage a restructuring of the film industry.¹⁹ The motivation for the "Group" production plan was explained by Lord Reith, then NFFC chairman, in the following terms:

Few independent producing companies are organised to carry out a programme of production with the economies and other advantages of continuity. The Corporation intends to examine the possibility of financing groups of independent producers, working together to achieve these benefits but without sacrificing individuality.²⁰

Three subsidised groups were set up, the first two in co-operation with each of the major combines, Rank and ABPC, and the third, known as "Group 3" and led by John Grierson, would remain at arm's length from the film business and support new talent. On the one hand, then this was a bold attempt to reconfigure the industry and provide the advantages of "continuity": spreading risk across a slate of projects; holding rights to films in order to create a back catalogue; and forging stable creative teams. However, the scheme also hoped to provide opportunities for innovation, experiment and "individuality", and as such, its aims were split between the industrial and the cultural realms.²¹ Industrially, the experiment was not a great success; the two commercially driven groups produced just 19 films between them. Both collapsed after a few years in operation, largely owing to the two powerful combines quickly losing interest.²² Grierson's

¹⁸ "End money" was defined as the part of a film's budget (usually 30%) not covered by the loan raised on the distributor's guarantee. See Julian Petley, "Cinema and State," in *All Our Yesterdays: 90 Years of British Cinema*, ed. Charles Barr (London: BFI, 1986), 37.

¹⁹ Richard Dyer MacCann, "Subsidy for the Screen: Grierson and Group 3, 1951-55," *Sight and Sound*, 46:3, March 1977, 168-173.

²⁰ Lord Reith, *1st Annual Report of the National Film Finance Corporation* (5 April 1950) cited in Dyer MacCann, "Subsidy for the Screen," 169.

²¹ Although Grierson's Group 3 did provide opportunities for unproven directors Lewis Gilbert and Phillip Leacock, and the scheme even uncovered a new British star, Joan Collins.

²² Sue Harper and Vincent Porter, *British Cinema of the 1950s: The Decline of Deference* (Oxford: Oxford University Press, 2003), 21-27.