

DRIVING GLOBAL GROWTH

celebrating our culture
enhancing our children's education
boosting our economy



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1 Executive Summary



1.0 EXECUTIVE SUMMARY

- 1.1 ***Driving Global Growth*** is a 4-year strategy designed to expand and deepen Northern Ireland's capacity and success in producing film, television and digital content. It is primarily an immediate economic strategy with a direct achievable levered value of £112 million over 4 years. However, it is also an education and cultural development strategy and a longer term capacity growing strategy. Northern Ireland Screen is committed to taking an integrated approach to the intertwined development of the economic, cultural and educational value of the screen industries.
- 1.2 KPMG and Oxford Economics' appraisal of ***Building On Success***, Northern Ireland Screen's previous 3-year strategy, described the Northern Ireland Screen Fund as having performed excellently, having very strong additionality and having exceeded its headline target. The strategy attracted global leaders ***Universal Pictures*** and ***HBO*** to Northern Ireland and supported projects that accumulated a remarkable number of critical awards including a ***Camera D'Or, BAFTA, Sundance*** award and many others.
- 1.3 ***Driving Global Growth*** has a compelling fit with the Programme for Government contributing significantly in many areas but its largest contribution is to PSA1 Productivity Growth and PSA2 Skills for Prosperity.
- 1.4 The new strategy is a progression rather than a reinvention of what went before. The Northern Ireland Screen Fund will continue as the primary tool with development funding streamlined into this framework. The formalised focus on the Paint Hall, the continuing focus on development and the greater focus on skills ensures that we are strengthening capacity and growing the value to Northern Ireland of each project that is attracted here.
- 1.5 The strengthening of the ***Creative Learning Centres, After School Film Clubs*** and ***Exhibition Sector*** will also contribute strongly to skills development and future capacity as well as delivering their immediate cultural and educational benefits. These activities contribute significantly to the ***Shared Future*** strategy while the quality and scale of the production is reaching a level where it will contribute directly to Northern Ireland's tourism proposition.
- 1.6 Building On Success's main lever delivered £45 million over 3 years. At the level of funding indicated by Invest Northern Ireland we regard £95 million as an achievable target for this 4-year strategy, with the potential for considerably more growth should further funding become available.



Bill Murray as Mayor Cole on the set of *City of Ember* in the Paint Hall



Doon Harrow (Harry Treadaway) walks through Harken Square in *City of Ember*

2 Performance of Building on Success Strategy



2.0 PERFORMANCE OF BUILDING ON SUCCESS STRATEGY

INTRODUCTION

2.1 Northern Ireland Screen's ***Building On Success*** strategy literally worked – we built on success.

2.1.1 The 3-year economic strategy had a Gross Value Added impact of £57 million and outstripped its main SMART target of 2:1 direct Gross Value from the Screen Fund and Product Development Fund delivering a direct GV of £39 million at a ratio of 3.3 to 1.

2.1.2 We built on successful films from the first strategy like ***Closing the Ring*** and ***Breakfast On Pluto*** with bigger films like ***City of Ember*** and ***Your Highness*** - by comparison ***Closing the Ring*** returned £3m to the local economy at a ratio of 3.75:1, while ***City of Ember*** delivered £9 million, and ***Your Highness*** £11.7 million at a ratio of over 10:1.

2.1.3 In the competition for inward investing projects and for critically celebrated projects, Northern Ireland Screen strongly outperformed its peer bodies the Irish Film Board, Scottish Screen, the Film Agency for Wales and the English Regional Screen Agencies:

- ***Your Highness*** was the biggest inward investing film outside the traditional South East of England in the UK or Ireland.
- 4 years ago Northern Ireland had no television drama and no reputation in television drama.
- The production of ***Game of Thrones*** will be the biggest television project in Europe during its production run.
- ***Hunger*** was easily the most critically acclaimed UK or Irish film of the strategy period collecting, amongst over 17 awards, the highly prestigious Caméra D'Or.
- ***Occupation, Five Minutes of Heaven*** and ***Small Island*** have collectively been the most positively received television dramas in the UK for quite some time, with top critic AA Gill describing ***Occupation*** as the 'best drama of the decade'.

2.1.4 KPMG's final evaluation of the Northern Ireland Screen Strategy for 2007-2010: *Building on Success in association with Oxford Economics*, concluded that "the ratio of NI direct expenditure to Northern Ireland Screen contracted expenditure within the Northern Ireland Screen Fund projected out to March 2010 is 4.6:1. **Thus the economic return of the Northern Ireland Screen Fund represents an excellent performance and exceeds the overall headline target set (4.2:1).**"

"Northern Ireland Screen has a great reputation outside NI – they would put other funding agencies to shame. They are fantastic, helpful, positive, problem-solving, flexible, terrific, and understand the film making process."
KPMG Consultee comment

NORTHERN IRELAND HOME OF QUALITY DRAMA



HUNGER

Winner: Caméra d'Or, Cannes Film Festival
Winner: BAFTA Carl Foreman Award



FIVE MINUTES OF HEAVEN

Winner: Sundance Film Festival
The World Cinema Directing Award: Dramatic
and The World Cinema Screenwriting Award



OCCUPATION

"... the best drama on television for a very long time..."
AA Gill, *The Sunday Times*



SMALL ISLAND

"Northern Ireland, and Belfast in particular, had a lot to offer" Grainne Marmion, producer, writing in *Broadcast*



www.northernirelandscreen.co.uk

Coming soon...

GAME OF THRONES

a TV pilot from HBO

SCREEN FUND TARGET HIT

2.2 The Northern Ireland Screen Fund is the main tool used by Northern Ireland Screen, representing 71% of the Invest Northern Ireland funding provided to Northern Ireland Screen. It has a direct Northern Ireland spend to investment ratio of 4.6:1, representing a value of £45m against a target of 4.2:1.

The 4.2:1 target was self-imposed by Northern Ireland Screen against a previous recommendation that the target was too high and unachievable. Indeed, KPMG’s latest evaluation once again questions whether a 4:1 ratio is achievable. However, despite the economic downturn, Northern Ireland Screen is confident that, rather than lower the ratio, it will be capable of increasing the ratio, and has an overall target for this new strategy of 6:1.

2.3 Overall Northern Ireland Screen Fund expenditure for period April 2007 to March 2010:

	Amounts Awarded £	NI Direct Spend £	NI Direct Spend Ratio
Completed projects to 31 August 2009	3,841,758	20,579,105	4.6:1
Additional awarded projects to 31 August 2009	4,647,359	22,060,954	4.7:1
Sub total to 31 August 2009	8,489,117	42,640,059	4.7:1
Additional projected projects to 31 March 2010	714,866	2,333,751	3.3:1
Total to 31 March 2010	9,203,983	44,973,810	4.6:1
Target	9,203,983	40,747,773	4.2:1
Difference %	0%	10%	N/A

HIGH ADDITIONALITY

2.4 The Northern Ireland Screen Fund was assessed within KPMG’s evaluation as having a 95.6% additionality rating.

“Very good reputation – I spoke to other film makers about Northern Ireland Screen before locating in NI and the responses were all positive. There was a general sense that Northern Ireland Screen had ‘upped their game’ in terms of developing an international presence and successfully attracting major productions from Los Angeles to NI.”
KPMG Consultee comment

NORTHERN IRELAND TALENTED VISIONARIES

A wealth of creative talent and established indies...

360 Productions	Below the Radar	Besom Productions
Big Mountain	Borderline Productions	Dancing Girl Productions
DoubleBand Films	Flickerpix Animation	Green Inc
Imagine Media	Inferno Productions	Kudos Generator TV
Mammoth Screen	Raw Nerve Productions	Sixteen South
Stirling Film & Media	Straandlooper Animation	Tern Television
Ulan Productions	Waddell Media	Westway Film Productions
		Wild Rover Productions



www.northernirelandscreen.co.uk



BEST: HIS MOTHER'S SON

from DoubleBand Films for BBC2



MALARIA

from Flickerpix Animation for BBC1 Comic Relief



THE PRIESTS

from Waddell Media for ITV1



iCANDY WITH LIAM HOURICAN

from Green Inc for C4 Comedy Lab

MARKET LEADER

- 2.5 The economic impact figures do not tell the whole story. With Walden Media's **City of Ember** and Universal Pictures' **Your Highness**, Northern Ireland secured the only big budget film production to film exclusively in the UK and Ireland outside of the traditional South East of England focus on Pinewood and Shepperton. These projects are wholly different in terms of value and significance to projects which merely utilise locations in and around the UK and Ireland, but retain their production base and main economic focal point either in a studio in the South East of England or in a studio in the USA.

GROWTH IN OPPORTUNITIES

- 2.6 There was very considerable progression from **City of Ember** to **Your Highness**. As well as the direct economic return rising from £9m to just under £12m, the percentage of key jobs secured by locally resident crew rose significantly. Indeed, as well as **Your Highness** being produced by locally-based producer Mark Huffam (**Mama Mia, Captain Corelli's Mandolin, Saving Private Ryan**), the production had a number of other key heads of department from Northern Ireland including Hazel Webb-Crozier as the Costume Designer, Tom Martin as the Construction Manager, Tom McCullagh as the Art Director and Alan Crozier as the Transport Manager.

"The availability of crew is improving...during a previous production 13/14 crew had to be brought in from outside NI compared to only having to bring in a few crew from outside NI on the more recent productions".

KPMG Consultee comment

RISING QUALITY

- 2.7 We very much built on success in network television drama too. While in the first strategy we made significant breakthroughs with the first local drama projects produced for the network for a decade like **Bel's Boys**, the children's drama for ITV, this strategy has supported much more high profile and higher budget network drama productions including **The Invisibles, Messiah** and, most particularly, **Occupation** and **Small Island**. **Occupation** was described by the leading critic, AA Gill, as the best drama of the decade and won the prestigious Prix Europa 2009 for Best Episode of a Television Fiction Series or Serial of the Year, while **Small Island**, based on the Andrea Levy book, has received similarly glowing reviews. Given that the generally received wisdom in London television circles was that Northern Ireland was not capable of producing any television drama of a network standard, never mind critically acclaimed network television drama, these projects are extremely significant.
- 2.8 It is also worth noting that the relationship developed with the producers of **Occupation**, Kudos, part of the Shine group, has led to Kudos launching a joint venture company, Kudos Generator, with local film and television production company Generator Entertainment.

"Excellent – can't fault them. They had a huge amount of goodwill to make things work. This arrangement worked very well between all involved."

KPMG Consultee comment

CRITICAL ACCLAIM

- 2.9 The power and significance of highly acclaimed television financed films, **Hunger** and **Five Minutes of Heaven**, should not be underestimated. **Five Minutes of Heaven** picked up two awards at Robert Redford's Sundance Film Festival and, to put this in context, the BBC, according to Head of Drama Ben Stevenson, had not previously won an award at Sundance. Meanwhile, **Hunger** was the most critically celebrated project in Europe in 2008 winning over 17 international awards including the highly prestigious Camera d'Or at the Cannes Film Festival.
- 2.10 **Hunger** was sufficiently influential as an art film to cause the UK Film Council to introduce a new strategy prioritising artists as potential first-time directors; while **Five Minutes of Heaven** contributed significantly to shifting the BBC's view from one of wishing to phase out television films to regarding them as an important part of their future strategy.

"Hunger and Game of Thrones were big turning points. Big players like Kudos also coming to NI raised expectations and awareness. People are now starting to pay attention."

KPMG Consultee

LOCAL PRODUCERS, LOCAL STORIES

- 2.11 The other major success of the Northern Ireland Screen Fund has been the rising number of projects from local production companies focussing on local subjects; for example Double Band's **Best: His Mother's Son** and Generator Entertainment's **Red Mist**, **Ghost Machine** and **Cherrybomb**. **Cherrybomb**, in particular, represents a significant development for Northern Ireland as it was almost exclusively the product of local talent, creativity and initiative. The producers, writer, directors, director of photography, designer and editor are all locally-based talent while the funders included Universal, who have scheduled to release the film in the UK at the start of 2010.

DELAYS AT THE BBC

- 2.12 The Northern Ireland Screen Fund was not universally successful across all areas of screen content production. Factual television was relatively poorly represented within the Screen Fund in the first two years of the strategy. This is largely attributable to the delay in the BBC implementing its stated strategic intentions to focus more strongly on Northern Ireland. This, combined with near crisis at both ITV and Channel 4, brought about by debate about regulatory change and then exacerbated by the onset of the economic recession, left market opportunities limited in this area. However, activity in factual television has picked up considerably in the last year of the strategy and is now underpinned by the BBC acting on their stated intentions. Notably, two of the supported projects are from high quality start-up 360 set up in L/Derry by ex-Time Watch editor, John Farren. His company, backed by Impossible Pictures, is one of a number of significant start-ups and inward investing expansions brought about by Northern Ireland Screen activity.

"However, the advertising and work of Northern Ireland Screen will certainly help and raise the profile of this up and coming media city."

KPMG Consultee comment

CHALLENGES WITH DIGITAL CONTENT

- 2.13 Digital content has also been relatively difficult to finance using the Northern Ireland Screen Fund. This is largely because neither the international marketplace nor the local supply chain is sufficiently developed to make creating opportunities in this area easy. It is very well documented that content production business models outside of film and television are failing to materialise in the way that was anticipated some years ago. Instead, developments in digital content are largely limited to alternative means of distribution of standard film, television and music content; for example, the BBC's iPlayer or Spotify for music.
- 2.14 However, the Northern Ireland Screen Fund has been able to support the production of **Dogfighter**, a game from L/Derry gaming company Darkwater, and is projected to support Be Entertainment in the production of an online drama. Notably Be Entertainment was attracted to Northern Ireland by *Building on Success* embracing content beyond film and television. Northern Ireland Screen's experience in both film and television drama suggests that early exemplar projects are important in building momentum and that progress accelerates once they have been achieved.

"They are very supportive in the digital content space, but it can take a considerable amount of time to help the understanding of how the projects will reach market."

KPMG Consultee comment

CREATING OPPORTUNITIES

- 2.15 The Northern Ireland Screen Fund's most significant success is attracting HBO to Northern Ireland for the television pilot, **Game of Thrones**, which has led to the commissioning of Game of Thrones the series. The series will constitute the most expensive piece of television drama in Europe, and will be the largest television inward investment in Europe during its production. To attract the USA's premier television production company to Northern Ireland for such a large scale project has significance beyond the development of the screen industries. It is not fanciful to see **Game of Thrones** as having a similar potential for Northern Ireland as **Lord of the Rings** had for the awareness of, and brand image of, New Zealand.

"The Paint Hall is a major attraction which was good enough for Universal Studios."

KPMG Consultee comment

THE PAINT HALL

- 2.16 During the course of the *Building on Success* Strategy, opportunities arose which were only realisable if Northern Ireland Screen secured a controlling interest in the Paint Hall, a 64,000 sq ft leftover asset from Belfast's shipbuilding past. Securing the Paint Hall to ensure its availability for, in the first instance, Walden Media's **City of Ember**, was an enormously challenging undertaking for Northern Ireland Screen. However, during the 3-year occupation of the Paint Hall, Northern Ireland Screen has hosted 6 productions, 3 of which simply could not have been undertaken in Northern Ireland in the absence of the Paint Hall.

"Facilities in Northern Ireland are good. The Paint Hall is a great asset."

KPMG Consultee comment



Big City Park produced by Sixteen South for CBeebies from Ormeau Park, Belfast



Jude Daly with the Muppets from Sesame Tree

- 2.17 During the 3-year period we have greatly improved the Paint Hall as a film studio. This has been achieved with relatively little additional public investment over and above the Northern Ireland Screen Fund (DCAL provided much needed stop-gap funding in 08/09). While the Paint Hall is now a fully fledged studio facility, there is still an urgent need to address important maintenance and upgrading, most particularly the electricity supply is in need of complete overhaul, and to secure a longer lease for the property.
- 2.18 The Paint Hall has underpinned more than half the economic activity generated using the Northern Ireland Screen Fund and has undoubtedly proven its direct value to the film and television production industry. Its value does not end there, as the Paint Hall has become something of an icon for the development of Titanic Quarter generally, and indeed is a useful 'celebratory anecdote' for all inward investment activity.

PRODUCT DEVELOPMENT FUND

- 2.19 Progress towards the £20 million target return from the £2 million investment was standing at a disappointing £2 million in August 2009, with limited returns on extensive development partnerships with the BBC the primary cause. However, this figure does not include £3.7 million of production activity that can also be illustrated to have been stimulated by the Product Development Fund but is not sufficiently directly connected to the development slate to trigger recoupment.

"The nature of this industry is that the product needs to be developed in script and sometimes in pilot format before a broadcaster, distributor or commissioning editor will provide assistance in production finance, which can take anything between 6 months and 2 years, with a further 2-3 years to secure the finances to produce the full series/feature/multiplatform project...thus time is the main constraint."
KPMG Consultee comment

- 2.20 In January 2010 a further £4 million return is visible across 4 commissioned projects: Sixteen South's **Big City Park** for CBeebies; Green Inc's **Liam Hourican** series for Channel 4; Waddell Media/Hole in the Wall Gang's follow up to **Scapegoat**; and the film **Aisha's Communion** from Generator Entertainment. This brings the total to £9.7 million with 5 potential returning series within the already commissioned output.

"The PDF is very important to nurture home-grown talent and help NI companies to flourish."
KPMG Consultee comment

- 2.21 The Product Development Fund also:
- Levered £1.2 million inward investment in screen content development;
 - Attracted 6 inward investing production companies including 2 super-indies and 1 digital content market leader;
 - Made 12 awards to ground breaking digital content projects (33% of total awards);
 - Supported 6 television pilots all primarily for the BBC;
 - Ensured 1 strategically important independent production company continued in business;

- Financed the micro low-budget feature project, a critical skills development opportunity previously lottery funded.

“Broadcasters are always attracted to well developed projects that come to them in a coherent packaged state. It would be difficult to do this without the PDF support; this has been the key benefit of PDF support to us.”

KPMG Consultee comment

SKILLS DEVELOPMENT

- 2.22 The substantial skills development during the strategy period is best illustrated by the case studies which plot the key development stages that talented individuals need supported through to make progress within the screen industries. The case studies also strongly illustrate the interdependence of the Screen Fund and Product Development Fund with the activity supported by the Lottery, DCAL and the UK Film Council.

SKILLS DEVELOPMENT CASE STUDY 1

In 2006 Northern Ireland Screen supported a short film called **18th Electricity Plan**, produced by Hotshot and written and directed by fledgling directors Lisa Barros d’Sa and Glen Leyburn. This stylish and Beckettian short film also marked the beginning of a relationship between David Holmes (**Oceans Eleven**) and Lisa and Glen. Northern Ireland Screen also supported this short film with a distribution award, also funded by Lottery.

In 2008 it became clear that Brian Kirk (**Middletown, Father and Son**) was not available to direct the Daragh Carville script **Cherrybomb**, developed by Northern Ireland Screen’s Lottery funds, and Glen and Lisa were brought on board as first time feature film directors. This film, picked up by Universal for a modest cinema release in the UK, was a significant breakthrough for Glen and Lisa as first time feature film directors. The skills development value does not end there. As a consequence of the local producers and directors, all heads of department were also local providing first time feature film opportunities for the key heads of department, camera and editor.

Cherrybomb has led to a second feature film project for Glen and Lisa. Once again the key talent is all local and strengthened because another globally significant film and television producer born in Northern Ireland, Andrew Eaton, has also associated himself with the project, having been attracted by the collective success of Glen, Lisa and David Holmes. This new project has also presented Chris Martin, previously the producer of a number of micro-budget projects, with his first opportunity to produce a full budget feature film.

- 2.23 The formal third level education sector has considerably improved its relevance and relationship with the screen industry. This is best exemplified by the creation of the Skillset-endorsed Northern Ireland Media Academy led by the University of Ulster and including Belfast Metropolitan College, the North West Institute and South Eastern College. This Academy has its roots in the University of Ulster’s MA in Film & Television Management, created by Northern Ireland Screen and supported by funding from DCAL. While Queen’s University is outside the Academy, its courses are also more relevant to the sector than was previously the case. This is illustrated by the number of new entrants coming into the screen industries from the Academy and Queen’s courses.

SKILLS DEVELOPMENT CASE STUDY 2

Colin Williams is the owner and Managing Director of a graphics company called Inferno which has been successful in the advertising and television post-production fields for some time. In 2006 Colin took part in a business development programme produced by Northern Ireland Screen, with the help of consultants Olsberg SPI with a view to expanding his business into television production.

In 2008, Sixteen South successfully bid to become Sesame Workshop's local production partner to produce **Sesame Tree**, a local version of the famous Sesame brand. While the first series of **Sesame Tree** was produced for a local audience, CBeebies ultimately picked up the first series and have subsequently commissioned a second series. This second series is aimed squarely at a network audience on CBeebies.

The developing relationship with CBeebies' Commissioning Editor, Michael Carrington, has led to a third commission for a new series called **Big City Park**, set in Ormeau Park featuring local puppets and children. This 30-episode series has an approximate value of £1m.

The development path of Sixteen South strongly illustrates the interconnected nature of development activity, Lottery production funding, the Product Development Fund and the Northern Ireland Screen Fund. While the Product Development Fund was critical to the commissioning of **Big City Park**, Sixteen South would not have developed it without the earlier Lottery funding.

- 2.24 Northern Ireland Screen also has a strong relationship with Skillset with connection at board level and with Skillset's Head of Partnerships in Northern Ireland based at Northern Ireland Screen's office. This has assisted in the development of a New Entrant Scheme, supported by Skillset and DEL and delivered by Northern Ireland Screen. Northern Ireland Screen is extremely keen to continue this scheme and is in discussions with Skillset about doing so.
- 2.25 The 90% usefulness rating and 81% contribution to company development rating illustrates how popular the Business Development Programme has been with the production community. The programmes, delivered by TRC, previously The Research Centre, have evolved closely in line with the changing needs of the production community, including a growing focus on digital opportunities.

CASE STUDY 3 – Digital Shorts/DV8

Our annual short film schemes provide the most consistent new entrant opportunities within the film and television drama arena. This has proven to be a successful entry point with 73% of last year's participants working in the industry at the end of the scheme, and 63% of the total participants remaining in the industry.

For example, Alanna Riddell, a Film Studies MA graduate from Queen's, was selected for the short film scheme as a director of the short film **Chains**. **Chains** won awards at the Belfast Film Festival and the Indianapolis Film Festival and Alanna has gone on to work as the Art Department Co-ordinator on **Your Highness** and the Director's Assistant on **Killing Bono**.

Michael Lennox, having been energised by early Cinemagic experiences, also took part in the short film scheme directing **Rip and the Preacher** which won in Cinequest Film Festival, Aspen Shortsfest, Los Angeles Short Film Festival, Nashville and Dallas. This success has led to Michael being selected for the Channel 4 drama directing scheme COMING UP and being accepted onto the prestigious Fiction Directing MA at the National Film & Television School in Beaconsfield.



Na Dódaí (winner of Education Award at Celtic Media Festival 2009)



Seacht (winner of Young People's Award at Celtic Media Festival 2009; IFTA nominated)

IRISH LANGUAGE BROADCAST FUND

2.26 The Irish Language Broadcast Fund has been enormously successful exceeding its annual production and audience targets each year. An evaluation of its activity to March 2009 (commissioned by DCAL) has not yet been finalised, making the last available evaluation August 2007. That evaluation, conducted by Deloitte, said:

‘Given the evidence of success and momentum, DCAL should continue to provide funding for the development of Irish language television programming in Northern Ireland and Northern Ireland Screen should continue as the delivery agent. Overall, we consider the mix of interventions to be appropriate and propose that the current suite of activities is maintained.’

2.27 The Irish Language Broadcast Fund programming has been well received by both BBC NI and TG4 audiences as well as garnering critical acclaim with Celtic Media Festival awards collected for teen drama *Seacht* and preschool series *Na Dódaí*.

2.28 As well as offering considerable opportunities for Irish speakers in Northern Ireland, the Irish Language Broadcast Fund has become a critical pillar of the local production sector in a scaled down version of the impact S4C has had in Wales.

2.29 Funding for Irish language media in Northern Ireland remains a fraction of that in Scotland and Wales for Gaelic and Welsh respectively. The £3 million Irish Language Broadcast Fund parallels £94 million in Wales and £12.4 million in Scotland.

ADMINISTRATION/GOVERNANCE

2.30 It is conspicuous within the KPMG consultees’ responses that the majority of the negative comments related to the scale and nature of the administrative process. The burden of administration and the demands of governance have increased dramatically during the period of the strategy. While this has never compromised projects of scale, there has been a squeeze on smaller projects supported by the Product Development Fund, Lottery and Markets & Festivals Fund. While there is no sign that this is possible, Northern Ireland Screen would strongly advocate a review of the demands of the administration framework.

“Slow, onerous, painful and a tedious amount of detail requested compared to other sources of funding.”

KPMG Consultee

EDUCATION POLICY: WIDER LITERACY

2.31 Northern Ireland Screen’s education work, as articulated in The Wider Literacy Strategy, has delivered handsomely over the strategy period. In particular, the three Creative Learning Centres (The Amma Centre, Armagh, the Nerve Centre, Derry and Studio On, Belfast), despite a number of funding crises, are now firmly established as key deliverers of modern creative learning experiences for pupils and teachers alike.



Children from Northern Ireland schools took part in the Film Club Sparks Day in London



PGCE students at the University of Ulster, Coleraine, during a digital storytelling workshop

- 2.32 In 2008-09, the Creative Learning Centres engaged with 173 schools including 30 new schools, with 1794 teachers trained through 123 courses and programmes. These statistics strongly illustrate that the Creative Learning Centres are delivering the Wider Literacy objective to teach the teachers.
- 2.33 The Moving Image Arts AS & A Levels are incredibly successful with over 50 schools now delivering the courses. These courses, now rolling out at GCSE level, are the fastest growing in Northern Ireland and are in the vanguard of subjects being delivered through schools co-operating in the deliverance of vocational courses. The take-up and enthusiasm for these courses is high across all sectors of our secondary education provision, and has also reached England and Scotland where a number of schools have taken up the course.
- 2.34 It is important to stress that Wider Literacy and the Creative Learning Centres are about much more than Moving Image Arts with strong provision for primary schools and considerable engagement with other subjects like the key Stage 3 History Pilot.
- 2.35 After School Film Clubs are also up and running in 45 schools in Northern Ireland, with over 90% of these clubs hitting their screening and membership targets. These clubs, and a much expanded network of them, have considerable potential to contribute to the Northern Ireland Executive's Shared Future strategy.
- 2.36 Members of the After School Film Clubs and all those attending the Creative Learning Centres are 'participating' in arts activity as defined in the Programme for Government target.
- 2.37 It is also worth noting that Wider Literacy has acted as the template for the UK-wide film education strategy developed by the UK Film Council, British Film Institute, Skillset and other stakeholders. In this area, Northern Ireland Screen has provided the thought leadership for the UK.

EXHIBITION, HERITAGE & COMMUNITY OUTREACH

- 2.38 Our exhibition partners have performed extremely strongly during the strategy period. Annual paid admissions have now reached 92,262 worth £325,230 at the box office against targets of 90,673 and £311,458 respectively.
- 2.39 Over the strategy period, this represents a 13% increase in paid audiences and a 21.5% increase in box office audiences which far exceeds the overarching DCAL sponsored Programme for Government target of 2% growth. The numbers of participants are not fully captured but expressed as a percentage would outstrip the audience figures.
- 2.40 The Digital Film Archive, while lacking substantial funding, continues to develop both in terms of the content captured within it and the access available to it. The Digital Film Archive is presently available in 17 venues.
- 2.41 The purest outreach work undertaken by Northern Ireland Screen is the programme of Digital Film Archive presentations delivered predominantly to care homes, retired groups, schools and youth groups. Particularly for the elderly in care, these are rare and extremely successful, stimulating entertainment.



A letter from Ulster (1944) WWII footage from the Digital Film Archive



Ciaran Hinds' interview at Queens Film Theatre

3 Assessment of Market Changes



3.0 MARKET CHANGES: ASSESSMENT OF OPPORTUNITIES & CHALLENGES

INTRODUCTION

- 3.1 The global economy has been turned on its head in the last 18 months. The screen industries have not been immune to this turmoil, with the business models for both film and television rocked to their foundations.
- 3.2 As with many other industries, rather than create completely unforeseen challenges, the acute economic downturn has dramatically accelerated certain already foreseen trends; for example, it was already predicted that television advertising revenues would decline in the face of strong competition from new web-based advertising but the pace of that decrease was greatly increased by the economic downturn. Similarly in film, it was already predicted that the US studios would make fewer films but this prophecy has been copper fastened by the recession.
- 3.3 Most of the market changes predicted in *Building On Success* came to pass but not always in the timeframe predicted. Most significantly, the shift in Public Service Broadcasting spend from inside the M25 to a more even spread across the whole of the UK has been extremely slow, despite it being a stated ambition, particularly on the part of the BBC, for more than 5 years.

ECONOMIC CLIMATE

- 3.4 As in other industries, the impact of the global recession on the screen industries has been seismic.
- 3.5 In film production it has led to a dramatic reduction in the number of Hollywood studio financed films being produced, with a noticeable shift towards those productions that are most likely to attract large-scale audiences. In independent film production, the significant contraction of available finance has led to a considerable reduction in production.
- 3.6 Similarly in television, the traditional UK commissioners have reduced both the number of projects that they commission and the tariff they are willing to pay. For a time there seemed to be an almost complete freeze on new productions but fortunately that period has passed.
- 3.7 These changes have many negative consequences for the development of the screen industries in Northern Ireland: for example, Generator Entertainment's strategy to develop and produce four television films a year from Northern Ireland has stalled due to the increased risk aversion of the US distributor and the lack of available equity investment in the UK.
- 3.8 Similarly, Northern Ireland Screen has a number of projects on its development slate which, in a more favourable economic climate, would be financeable, but at present is difficult to raise the complicated patchwork of finance for.

- 3.9 In television it is clear that the last 18 months have been challenging with only the fittest production companies surviving the period; for example, Straightforward Television, Hot Shot and About Face have all ceased trading.
- 3.10 However, changing times present opportunities as well as challenges and the recession has also brought about a dramatic shift in the UK's exchange rate with both the euro zone and the dollar. This shift has made production in the UK financially attractive to companies buying in dollars and has, at the same time, made competitors supplying in euros less competitive. This shift was critical in the attraction of HBO's pilot *Game of Thrones*, and was extremely significant in the attraction of Universal's *Your Highness*.
- 3.11 The working assumption for this strategy is that exchange rates remain favourable for the first 18 months of the strategy. This is an important factor and a dramatic change in exchange rates might require a shift in strategy.

FILM

- 3.12 Besides the economic forces, which have pressurised the large US studios to be more risk-averse and to concentrate on fewer large-scale projects, the most significant market changes from a Northern Ireland perspective have been driven by our recent success. This success has greatly increased awareness of the possibilities available in Northern Ireland for large-scale film production and, indeed, equally raised awareness of the possibility that interesting independent film production could come from Northern Ireland.
- 3.13 It is these market changes that Northern Ireland Screen must capitalise on in the coming years. This means maximising the opportunity provided by the Paint Hall, whether that is the facilitation of *Game of Thrones* series 2 and beyond, or by attracting further large-scale film projects of a scale similar to *Your Highness* and *City of Ember*.
- 3.14 The last strategy correctly predicted the importance and value of the new UK tax credit for film. We were correct in our assertion that this would increase the attractiveness of the Northern Ireland proposition. As already stated, this proposition has been further enhanced by the change in the pound/dollar exchange rate in recent times (for example, Walden Media bought pounds at very close to 2:1 for the production of *City of Ember*, while Universal Pictures were able to purchase pounds at close to 1.5:1).
- 3.15 This strategy assumes that the UK tax credit will remain both in place and similarly competitive against its international rivals for at least the first two years of the new strategy.
- 3.16 While the production of *City of Ember* and *Your Highness* has opened the door to further similar scale productions in the future based around the Paint Hall, successful independent feature films, including in particular *Hunger* and *Five Minutes of Heaven*, have paved the way for future smaller scale independently produced films. In this regard we are extremely pleased to see that *Good Vibrations*, the Terry Hooley story to be directed by Glen Leyburn and Lisa Barros d'Sa (*Cherrybomb*), has been picked up by the UK Film Council. A project of this nature backed by both Northern Ireland Screen and the UK Film Council is very likely to achieve full finance. It is notable in this arena, which often straddles the now very grey area between television drama and film, that both Channel 4 and the BBC have committed very clearly to the ongoing support of independent film production – this is extremely important

in Northern Ireland given that *Hunger* and *Five Minutes of Heaven* represent the most critically successful independent film of the last 3 years for each broadcaster respectively.

- 3.17 Unfortunately, as already indicated, this self-generated market opportunity is somewhat balanced by the reduction in both public and private funds available. For example, the UK Film Council is presently undertaking a considerable restructuring of its production funds in anticipation of a significant cut. However, as Northern Ireland has failed to attract consistent funding from this source, it is less of a negative force than might otherwise be the case, especially given that we have a recent commitment to a new production.

TELEVISION

- 3.18 Combined spend by the BBC, ITV1, Channel 4 and Five on first-run commissions has declined by 8% over the last two years – down from £2.64bn in 2006 to £2.44bn in 2008.
- 3.19 This trend was also apparent in the commissioning spend of individual channels – all fell in real terms in 2008 compared to 2006 – the largest reductions being on ITV1 (10%) and Five (18%). However, comparing the data from 2007, there were small increases on ITV and Five. Within the combined total, spend on in-house productions fell by 15% in the two years to 2008, but independent commissions proved more resilient, rising by 2% to £1.19bn in 2008. All channels, apart from Channel 4 and Five, reported increased spend on independent commissions over the period, although it should be noted that Channel 4 and Five do not produce programmes themselves; all their commissions are externally sourced.
- 3.20 It is quite difficult to reconcile these figures with the market conditions on the ground, but they do confirm that despite the recession the television production market remains a significant one.
- 3.21 BBC and UTV spent a total of £29m on programmes for viewers in Northern Ireland in 2008, down 6% year-on-year. In 2008 the BBC and UTV/ITV/STV spent a total of £306m on producing TV programmes specifically for viewers in Wales, Scotland, Northern Ireland and the English regions. Expenditure fell by 10% (or £33m) year-on-year; over a five-year period, spend declined by £117m or 28%, contracting at an annualised average rate of 6%.
- 3.22 According to Ofcom published figures, spend on programmes for viewers in Northern Ireland totalled £29m in 2008 (9% of the overall figure), down by 6% over 12 months; a smaller reduction than the overall figure of 10% and down by an average of 8% per year since 2003. The 2008 reduction was primarily due to falling spend on non-news/non-current affairs output and on news.
- 3.23 Over the past five years, total expenditure by the BBC and ITV on content for viewers in Northern Ireland fell by 35% (£15m) – broadly in line with reductions of 34% in Scotland and 34% in Wales, but larger than the 23% reduction in England. The largest proportion of this reduction was explained by declining spend on non-news/non-current affairs programming (£9m), while the falling cost of news accounted for much of the remainder (£5m). This fall in spend on regional programmes emphasises the need to grow network and international markets.

- 3.24 The last Strategy was heavily underpinned by policy statements by the BBC, Channel 4, ITV and the regulator Ofcom, that network production was to be shifted from London as defined by 'within the M25' to a more even spread across the whole of the UK. The policy statements were detailed and specific, allowing Northern Ireland Screen to extrapolate an achievable target of £40m new production to be produced within Northern Ireland. This additional activity has been very slow to materialise and these regulatory drivers have failed to have the impact expected although there were signs in year 3 that the BBC's intention to commission a greater volume of production in Northern Ireland was being acted upon.
- 3.25 While this is disappointing, there are 2 mitigating factors: firstly, it illustrates that the Invest NI funding provided to Northern Ireland Screen was even more important than originally presented, as it effectively acted as the principal lever for the growth of production in Northern Ireland during the period as opposed to acting as an accelerator and additional lever to the strategic interventions of the BBC. And secondly, as stated, there is evidence that the BBC is beginning to honour its earlier commitments.

BBC NI – The Network Plan

- To get Northern Ireland to 2% of all network delivery by 2012 – a projected growth in spend of 70%
 - Diversify into a wider genre range
 - Delivery heavily weighted toward the Indie sector (74%)
- 3.26 Ironically, the production of a firm committed plan for the increase in BBC network production raises the question as to whether it is appropriate for Northern Ireland Screen to channel public funds towards BBC activities. Northern Ireland Screen is firmly of the view that it should modify its policy towards BBC production, to ensure that all of its funding continues to be absolutely additional, and not to be reducing or subsidising obligations which the BBC already has to Northern Ireland. This does not mean that Northern Ireland Screen will cease to invest in projects destined for broadcast on the BBC. Instead, it means that there will have to be, in all cases where the BBC is a commissioner of the applicant project, a compelling reason why the funding requested is additional. This question is likely to be addressed in two broad areas: either the project will be an international co-production where we can clearly evidence that in normal market conditions the BBC would not be the full funder of the project and the production company would always have to seek a number of further, usually international, sources of funding; or the extra funding provided by Northern Ireland Screen is specifically for the purpose of strengthening and growing the production infrastructure in Northern Ireland to allow us to grow our competitiveness in the future. For example, the introduction of work shadowing on particularly important positions within the production, or the addition of a further producer or series producer focused on the returnability of the proposed production.



Lifeboat Luke iApp from Straandlooper Animation



Titanic iApps from Awakin Digital Publishing

CONVERGENCE

- 3.27 At the outset of the last strategy cycle, Northern Ireland Screen dropped its original title of Northern Ireland Film and Television Commission and replaced it with Northern Ireland Screen; a reflection of the belief that film, television, telecommunications, the internet, gaming and other broadband-enabled activities were converging to such an extent that it was no longer appropriate to focus exclusively on linear film and television when markets and audiences were shifting to a much more complex and fluid pattern of content consumption.
- 3.28 While the shift in content consumption continues apace with downloading and streaming becoming an ever more popular means of consuming moving image content, the predicted development of new broadband underpinned business models for the production of content have been much slower to evolve (iPhone applications being the notable exception). Without an obvious business model for the production of content beyond film and television, the explosion in on-line digital content remains a predominantly amateur activity. In some ways we are, at the outset of this new four-year strategy, at the point that we believed ourselves to be at the outset of the Building on Success strategy three years ago.

DIGITAL CONTENT

- 3.29 The opportunities in digital content, and in some cases the lack of them, are a great deal clearer now than 3 years ago. The main content buyers remain the broadcasters, who are increasingly commissioning digital content both related and unrelated to their television content. However, these markets – very similar to television – remain extremely difficult to penetrate and key initiatives like Channel 4's 4IP have failed to live up to the hype.
- 3.30 However, there are opportunities. The continuation of small-scale funding for start-up ideas should remain a priority, especially given that the iPhone represents an immediately accessible market. This funding is presently available through the Creative Industries Innovation Fund but could be better levered and utilised if it were more effectively integrated into the rest of the screen industry support.
- 3.31 It is at least possible that a large-scale inward investing post-production entity could be attracted to Northern Ireland as a result of the film and television production activity, project Kelvin, the interest of the universities, some key talent and an aggressive sales pitch. Northern Ireland Screen wishes to prioritise the search for an 'anchor tenant', around which to focus the presently small, fragmented and fragile digital content creators. This ambition has not presently attracted funding from Invest NI, but we will work with Invest NI to target inward investment activity in respect of post-production capacity to maximise opportunities for NI expenditure associated with the NISF.
- 3.32 The most immediate market opportunity in digital content is the government itself and the development of the sector would benefit enormously from a focus on the government's own buying power; for example, a commitment to online advertising by government departments would instantaneously make local websites potentially viable in a way that they are not at present.

DIGITAL BRITAIN

- 3.33 Digital Britain, expected to be a complete blueprint for the future of the screen industries in the UK, turned out to have much more limited scope, delivering no good news from a Northern Ireland perspective. Indeed, Northern Ireland was the only nation to receive no further public funding for Public Service Content as a result of Digital Britain. The report failed to address either of Northern Ireland Screen's main concerns; that is, a more regulated framework ensuring Northern Ireland receives value from Public Service Network Content, particularly from the BBC, and a legislative underpinning of funding for Irish Language programming equivalent to the arrangements in Scotland or Wales.
- 3.34 Digital Britain has provided no opportunities but it has reinforced that in the absence of help at a Westminster level, Northern Ireland must continue to provide leverage to develop its own screen industries.

IRISH LANGUAGE BROADCAST FUND

- 3.35 The Irish Language Broadcast Fund has constituted one of the most significant opportunities for the screen industry in Northern Ireland during the strategy period. As well as providing a new market worth over £3 million - approximately 10-15% of the total Northern Ireland television market - it has presented a disproportionately higher level of opportunity to break into new programme genres; for example, the teen drama *Seacht* and the preschool series *Na Dódaí*. It has also provided the only consistent new entrant opportunities in the television sector. These two factors make its continuance particularly important to the local sector.
- 3.36 DCMS has only committed to funding the Irish Language Broadcast Fund until March 2011. While we have yet to receive formal confirmation, it is Northern Ireland Screen's understanding that the Irish Language Broadcast Fund is to be extended by a further 4 years from March 2011. This much increased stability is greatly welcomed.

ULSTER-SCOTS BROADCAST FUND

- 3.37 Northern Ireland Screen also welcomes the announced introduction of an Ulster-Scots Broadcast Fund in support of Ulster-Scots language and culture.

ABSENCE OF TELEVISION DRAMA TAX BREAK

- 3.38 Digital Britain also failed to address the shifting landscape for the production of television drama. The UK in particular appears to be ignoring the growing influence and availability of territorial tax breaks for television drama across the world. The UK's immediate neighbours France and the Republic of Ireland both have strong tax breaks for television drama, and the UK is leaking a substantial proportion of its television drama to these and other financially attractive locations including Canada and South Africa.

- 3.39 The competitive threat of these tax breaks is presently counterbalanced by international exchange rates but this may not remain the case for ever. The creation of a UK tax break for television drama would remove considerable pressure on the ongoing need for local funding in support of the screen industries.

REPUBLIC OF IRELAND

- 3.40 As predicted in the Building On Success strategy, the level of Northern Ireland/Republic of Ireland film co-production reduced during the period as a result of changes to the UK tax credit making it less easily combined with Ireland's Section 481. This trend was then exacerbated by the shift in euro/sterling/dollar exchange rates.
- 3.41 This was counterbalanced to a certain extent by the high and growing volumes of factual television being produced by Northern Ireland companies for RTE and TG4.
- 3.42 It is important that, while Northern Ireland, and in particular Northern Ireland Screen, continues to compete with the Republic of Ireland for large-scale production, we also encourage collaboration where it is advantageous.
- 3.43 Despite the recommendation to close the Irish Film Board, its future budget has been confirmed with a budget reduction of only 5%. Alongside the funding for RTE, TG4, the Sound and Vision Fund and the Section 481 tax break for film and television drama, support for the screen industries in the Republic of Ireland continues to dwarf the level of support in Northern Ireland.

TITANIC 2012/LONDONDERRY CITY OF CULTURE BID

- 3.44 The anniversary of the launch of the Titanic is a significant event with UK broadcasters taking a considerable interest in it. Northern Ireland Screen is committed to capturing some of the value of this anniversary for Northern Ireland, although this is by no means a certainty.
- 3.45 Derry/Londonderry's City of Culture bid may also present an opportunity to develop screen content that has cultural, economic and tourism value.

RETURN TO ECONOMIC CLIMATE

- 3.46 As well as having an impact on the screen industries generally, the economic climate has changed the landscape for Northern Ireland Screen. Northern Ireland Screen is to receive reduced funding from Invest NI, DCAL, the UK Film Council and the Lottery. This reduction in funding will result in a diminution of the breadth of Northern Ireland Screen's industry support as well as an internal reduction in costs.



First Minister Peter Robinson, Executive Vice President of Universal Pictures and Co-President of Production Jimmy Horowitz, and Deputy First Minister Martin McGuinness in Los Angeles announcing *Your Highness* will shoot in the Paint Hall



Jon Mone (Executive Producer), Andy Davis (Executive Producer), Richard Williams (CEO, Northern Ireland Screen), Mark Huffam (Executive Producer), Danny McBride (Writer/Executive Producer/Actor), Deputy First Minister Martin McGuinness MP MLA, First Minister Rt Hon Peter D. Robinson MP MLA, Rick Hill (Chairman, Northern Ireland Screen), Hazel Webb Crozier (Costume Designer), Mark Tildesley (Production Designer), Alan Crozier (Transport Manager) on the set of Universal Pictures' *Your Highness* in the Paint Hall

4 Strategic fit with Government Priorities



4.0 STRATEGIC FIT WITH GOVERNMENT PRIORITIES

GOVERNMENT CONTEXT		NORTHERN IRELAND SCREEN STRATEGY
PROGRAMME FOR GOVERNMENT		“Driving Global Growth” 2010-14
Public Service Agreements	Target	Contribution
PSA 1: Productivity Growth	<ul style="list-style-type: none"> 600 new exporters including 45 start up exporters 2,750 jobs at least 25% above NI Private Sector Median 300 companies to engage in R & D for the first time Promote innovative use of telecoms/grow e-business by 10% from low base Promote higher value added activity through innovation 	<ul style="list-style-type: none"> Strategy will deliver at least 20 new exporters including 10 start ups (as at beginning of PfG) Majority of job creation is more than 25% above NI Private Sector Median Development is at the heart of the strategy Digital content is strongly emphasised within strategy while utilising greater connectivity provided by Project Kelvin is embedded in the strategy Productivity within evaluation of the Building On Success strategy was captured as £53k per FTE against a Northern Ireland average of £41k
PSA 2: Skills for Prosperity	<ul style="list-style-type: none"> Understand current demand for skills and access future demand Improve the skills level of the workforce Improve the relevance of education to the economy 	<ul style="list-style-type: none"> Assessment of skills gaps as identified within Screen Fund supported projects is the direct mechanism for skills support. This will be undertaken in the context of the new Strategic Skills Assessment for Northern Ireland being drafted by Skillset The Skillset endorsed Screen Academy is designed to drive a vocational focus within the media courses under its umbrella The Wider Literacy strategy, the Creative Learning Centres and Moving Image Arts A Levels and GCSEs are all designed to make education relevant to the economy and in particular the creative industries
PSA 3: Increasing Employment	<ul style="list-style-type: none"> Subject to economic conditions, increase employment levels and reduced economic inactivity, by addressing the barriers to employment and providing effective careers advice at all levels 	<ul style="list-style-type: none"> The strategy will contribute to raising employment levels (and helping to reduce unemployment), within the scale of the screen industries
PSA 5: Tourism	<ul style="list-style-type: none"> Develop our tourism sector and promote NI as a must-visit destination to facilitate growth in business and leisure visitors 	<ul style="list-style-type: none"> While not all screen content contributes to the development of tourism, much of it does with Game of Thrones in particular having the potential to do what Lord of the Rings did for New Zealand International film production is high value added tourism in its own right making a substantial contribution to hotel bed nights and restaurant turnover The Titanic anniversary in 2012 and the Londonderry/Derry bid to be the UK’s capital of culture are embedded in the strategy
PSA 9: Promoting access to Culture, Arts and Leisure	<ul style="list-style-type: none"> Contribute to NI’s economic, health and educational goals, by increasing participation and access to Culture, Arts and Leisure activities; target to increase audiences and participation by 2% 	<ul style="list-style-type: none"> The exhibition sector supported by Northern Ireland Screen has increased its paid for entries by 13.6% over the period of the last strategy representing growth stronger than the PSA target
PSA 22: Protecting our Environment and Reducing our Carbon Footprint	<ul style="list-style-type: none"> Improve the quality of our natural and built environment and heritage and reduce our carbon footprint 	<ul style="list-style-type: none"> The screen industry is ‘greener’ than other sectors, therefore economic transformation, led by sectors such as the screen industry, should support the drive to achieving targets for carbon emission reduction
DETI’s Regional Innovation	Imperative	Contribution

Strategy 2008-11		
	<ul style="list-style-type: none"> To establish Northern Ireland as an outward-focused & competitive region in the global knowledge economy – with international reputation for innovation excellence 	<ul style="list-style-type: none"> Successful screen content is both a direct contributor to the global knowledge economy and a potential advertisement for the region in the context of the global economy
	<ul style="list-style-type: none"> To encourage Northern Ireland's businesses to become more innovative and creative in order to compete in the global market 	<ul style="list-style-type: none"> This strategy is entirely focused on innovation and creativity designed to compete in global markets
	<ul style="list-style-type: none"> To ensure that the Northern Ireland education system adopts an enhanced role in developing a culture of innovation and creativity and enables people to recognise opportunities in the knowledge economy 	<ul style="list-style-type: none"> The Wider Literacy strategy and the Creative Learning Centres and Moving Image Arts qualifications within it are contributing significantly to developing a culture of innovation and creativity in schools
Invest Northern Ireland Corporate Plan 2008-11	Key Priority Actions	Contribution
	<ul style="list-style-type: none"> Realising Client Potential 	<ul style="list-style-type: none"> The development funding within the strategy is focused on assisting companies to break into new export markets. This is entirely about realising potential
	<ul style="list-style-type: none"> Shifting sectoral focus towards higher value added sectors 	<ul style="list-style-type: none"> The screen industries are high value sectors and therefore their growth represents a contribution to this shift
	<ul style="list-style-type: none"> Frontier technologies 	<ul style="list-style-type: none"> The screen industries contain old and new technologies but both the large-scale inward investment projects have the potential to create opportunities in new technologies in post production (facilitated by Project Kelvin) Some of the developments in digital content also incorporate new technologies The proposed CGI related large-scale inward investment is underpinned by frontier technologies
Invest Northern Ireland Digital Content Strategy	Purpose	Contribution
	<ul style="list-style-type: none"> Develop the digital content sector and most particularly digital animation, mobile and web content, e-learning and serious gaming 	<ul style="list-style-type: none"> The development of both small embryonic digital content production and large-scale inward investing CGI-based post-production is detailed within the strategy
Department of Culture, Arts & Leisure Corporate Plan 2008-11	Objective	Contribution
	<ul style="list-style-type: none"> Promote a Shared Future 	<ul style="list-style-type: none"> The wide range of opportunities and the wide range of content produced contribute significantly to a Shared Future After School Film Clubs, if extended, have the potential to contribute substantially
	<ul style="list-style-type: none"> DCAL Vision 'A confident, creative, informed and vibrant community' 	<ul style="list-style-type: none"> 'Celebrating our culture, enhancing our children's education and boosting our economy'
	<ul style="list-style-type: none"> By 2011 to increase by 2% the proportion of the NI population who attend/participate in arts events Growing the creative industry sector by 15% by 2011 	<ul style="list-style-type: none"> QFT, Belfast Film Festival, Foyle Film Festival, Cinemagic, Cinemobile & Northern Visions, collectively the exhibition sector supported by Northern Ireland Screen, has increased its paid for entries by 13.6% over the period of the last strategy representing growth stronger than the PSA target Growth in the screen industries will be the single largest contributor to this target
	<ul style="list-style-type: none"> By 2010/11 secure a positive outcome to the Third periodic report from COMEX in respect of compliance with the Charter for Regional or Minority Languages 	<ul style="list-style-type: none"> The continuation of the Irish Language Broadcast Fund will contribute substantially to this objective Northern Ireland Screen remains willing to assist in support for Ulster Scots

5 The new 4-year Strategy

- Review of strategic approach
- The Strategy
- Northern Ireland Screen response to KPMG recommendations
- Pipeline of future projects
- Comparison between Driving Global Growth and Building on Success
- Economic outputs of Driving Global Growth



5.0 **STRATEGY 2010-14: DRIVING GLOBAL GROWTH**

- 5.1 DRIVING GLOBAL GROWTH is a progression of the *Building on Success* strategy and retains many of the aspects of the previous strategy and most of the administrative framework.

REVIEW OF STRATEGIC APPROACH

- 5.2 Northern Ireland Screen will retain the Mission Statement, principles and strapline that underpinned *Building on Success*.

Northern Ireland Screen Mission Statement

Northern Ireland Screen will accelerate the development of a dynamic and sustainable screen industry and culture in Northern Ireland.

Principles

- Act as a champion for the screen industries in Northern Ireland
- One agency with an integrated strategy tying together economic, cultural and educational objectives
 - Build on previous success
 - Embrace all screen product
 - Be customer facing

Strapline

Boosting our economy, enhancing our children's education and celebrating our culture

- 5.3 The Mission Statement indicates that our strategy is interventionist, emphasises that the focus is on that which is most likely to be sustainable, defines the area of interest widely by reference to 'screen', and makes a clear link between the economic and the cultural.
- 5.4 The main identified weakness with the Mission Statement is that it does not directly highlight our education activities, which remain an equal priority.
- 5.5 However, in the interests of simplicity, we are content to apply the logic that the education activity underpins the economic and cultural ambitions. This undersells the education activity which has economic and cultural impact beyond the relatively narrow confines of the screen industries. Our strapline captures the interconnected relationship between education, cultural and economic, as do our principles.

REVIEW OF THE PRINCIPLES

1. Act as a champion for the screen industries in Northern Ireland

- 5.6 This remains a priority for the board of Northern Ireland Screen.
- 5.7 Acting as a lobbying voice in discussions with Northern Ireland Government Ministers, the Northern Ireland Assembly, the BBC, the BBC Trust, Ofcom, Lord Carter's Digital Britain, DCMS, and the Treasury amongst others remains important.
- 5.8 The level of political and government consideration of all aspects of the screen industries has increased in Northern Ireland recently. However, it is still at a much lower level than in Scotland or Wales. Accordingly, Northern Ireland Screen remains the main voice representing Northern Ireland in critical broadcasting and screen industry policy debates like Digital Britain.
- 5.9 This lobbying/championing role creates sporadic tension between Northern Ireland Screen and some of its partners and stakeholders; for example, neither BBC Northern Ireland nor UTV were entirely comfortable with Northern Ireland Screen's policy position on Digital Britain. However, in most instances, stakeholders accept that, where sometimes we are critics, this does not prevent us being creative partners.
- 5.10 The importance of this lobbying work is best exemplified with the BBC example. Delay in the BBC acting on its stated strategic commitments has been the biggest restraining influence on Northern Ireland Screen's growth strategy. The remedy for that delay is lobbying and Northern Ireland Screen is confident that its sustained pressure and dialogue has contributed significantly to the BBC's new vigour in delivering its long stated intention to shift more production to the devolved nations.

2. One agency with an integrated strategy tying together economic, cultural and educational objectives.

- 5.11 In Building On Success, we wrote in support of this principle:

'The NIFTC remains firmly committed to delivering a single integrated strategy that seeks to maximise the economic, cultural and educational value of film and television, or screen activity, for Northern Ireland. In this regard, we remain frustrated that government persists in disaggregating our activities into separate economic, cultural and educational value resulting in substantial duplication of administrative activity, an unnecessarily large number of inward-looking government interfaces and a lack of an overarching understanding of the total value of the screen sector.'

- 5.12 While considerable efforts have been made to ensure that DCAL, DETI and Invest NI work more closely together in relation to Northern Ireland Screen, the structure of government departments continues to pull against Northern Ireland Screen's strategic desire to be a single integrated economic, cultural and educational agency.

- 5.13 Northern Ireland Screen remains of the view that the value of its activities could be more clearly tracked to the Programme for Government if the activities were assessed as an integrated whole, rather than as disaggregated sections which attract varying degrees of analysis and scrutiny. While this may not be immediately achievable, Northern Ireland Screen would urge that it is placed on the agenda for consideration in the short/medium term.
- 5.14 Issues that illustrate the challenges of the present approach include:
- This strategy is being delivered to a 3-year cycle out of step with the Comprehensive Spending Review. Invest NI has constructively delivered a 4-year funding package designed to resolve this anomaly, but this is only a partial solution as the economic package will still be negotiated without knowledge of the support available for the cultural and educational activities.
 - The most pressing practical consequence of this is securing sufficient funds to cover operating costs. The funding of operating costs is split across all funders/activities – DCAL, UK Film Council core funding, UK Film Council Irish Language Broadcast Funding, Arts Council Lottery Funding as well as Invest NI. The reduction in UK Film Council and DCAL contribution to overheads has led to the need to reduce the staff overhead.
 - Northern Ireland Screen continues to manage multiple sources of funding with different and at times conflicting frameworks and objectives. Funding is presently secured from DCAL, Invest NI, the Lottery through the Arts Council of Northern Ireland, the UK Film Council and DCMS through the UK Film Council.
 - Northern Ireland Screen is presently only one of several agencies taking a direct financial interest in the screen industries. Invest NI, as well as providing the majority of our funding, continues to take a direct financial interest in many of the key companies, while DCAL has introduced the Creative Industries Innovation Fund which is building a portfolio of supported companies, the majority of which fall within the screen industries.
 - Northern Ireland Screen submits that it should be the primary source of public funding for the screen industries. This should reduce the overall cost through the removal of duplication, and also introduce greater clarity as to the value of activity.

3. Build on previous success

- 5.15 Building on the previous successes remains the key to our strategy with the success of the Paint Hall and the Creative Learning Centres the key focal points.

4. Embrace all screen product

- 5.16 Northern Ireland Screen remains committed to working across all forms of content and has targeted digital content equally alongside film, television drama and factual television. However, it is clearer than was the case 3 years ago that, with the exception

of iPhone applications, the Public Service Broadcasters remain the dominant potential customers for digital content, just as they are for television content. Accordingly, Northern Ireland Screen will continue to focus on the BBC, 4IP and Channel 4 generally as targets for digital content.

- 5.17 Beyond the Public Service Broadcasters, the most significant potential customer for digital content is local government and Northern Ireland Screen proposes that consideration is given to how to integrate the development of the digital content sector into the government's developing digital delivery strategies.

5. Be customer facing

- 5.18 There is an inevitable tension between the demands of Northern Ireland Screen's government funders and the wishes of our screen industry customer base. This can make it challenging to remain customer facing and to be perceived as customer facing. However, the KPMG evaluation clearly illustrates that we have achieved this albeit that paperwork demands are not entirely appreciated by the customer base. We must continue to endeavour to minimise and rationalise paperwork and, more importantly, deliver straightforward and timely responses.

THE STRATEGY

STRENGTHENED NORTHERN IRELAND SCREEN FUND

- 5.19 The new strategy will continue the Screen Fund, although reduced levels of funding combined with our commitment to HBO's ***Game of Thrones*** will limit the breadth of the portfolio of projects we support.
- 5.20 While the previous strategy was assessed as delivering strong Gross Value Added and very good Value for Money, the targets for the Screen Fund have been increased with an overall input to output ratio of 6.0. If this target is reached, even higher Gross Value Added will be achieved delivering even better value for money.
- 5.21 Key elements for the Screen Fund will be:
- The continued pursuit of large-scale projects focused upon the Paint Hall – as per pipeline on page 50.
 - Targets to increase the percentage of local crew attached to each project from a benchmark of 50% to 70% and senior crew ('Heads of Department') from 40% to 60% over the course of the strategy have been introduced.
 - In support of Northern Ireland Executive's Shared Future strategy, the continued pursuit of local content projects; for example, ***Good Vibrations***.
 - The continued prioritising of local companies where possible.

- The removal of the distinction between development and production for Digital Content and other projects where appropriate, and, depending on the future of the Creative Industries Innovation Fund, a growing focus on smaller projects where they have significant skills development value or the potential for export.
- The removal of annual fixed targets between genres within the Screen Fund.
- A greater focus on international co-production in television.
- Formalising of the micro low-budget scheme and other talent development projects (for example, *Scapegoat*) as talent focused production opportunity within the Screen Fund.

RESTRUCTURE DEVELOPMENT FUNDING

5.22 Development funding (both Lottery funded script development and the Product Development Fund) will be subsumed as far as possible within the structures for the Northern Ireland Screen Fund. This should simplify the decision-making and administrative processes, and create a simpler framework for measuring performance.

5.23 Key Elements of Development Funding will be:

- Northern Ireland Screen will, in consultation with Invest NI, seek to remove the distinction between development and production where appropriate, including all digital content awards;
- Again, in consultation with Invest NI, we will seek to remove the 50% premium on development funding in line with the Creative Industries Innovation funding, GAP funding and other screen agencies;
- The introduction, subject to agreement with Invest NI, of Development awards from £5,000 for a single project removing the need in all circumstances to have a slate of projects;
- Match funding remains key criteria for budgets over £20,000 but we will seek to remove the need for match funding for budgets under £20,000.

PAINT HALL

5.24 The Paint Hall has developed as the single most important piece of screen industry infrastructure in Northern Ireland. The extent to which it has become a key part of the Northern Ireland proposition for large-scale film production exceeds all expectation and, to a certain extent, flies in the face of the Olsberg Feasibility Study on a film studio. However, this contradiction can be overstated, with the Paint Hall, even at this stage of its ever growing importance, only one aspect of an overall proposition that must include a favourable financial climate driven by either a strong tax credit or a favourable exchange rate or, as we presently have, both, and the availability of key production or finance “show runners” (in our case Mark Huffam or Peter McAleese).

- 5.25 While the Paint Hall's success is now clearly evident, having facilitated two Hollywood films in *Your Highness* and *City of Ember*, as well as a number of smaller productions, it sits within a wider decision-making equation and is not the only critical factor. However, with two large-scale credits to its name and HBO's *Game of Thrones* television series committed, development of the Paint Hall must now be treated as a longer-term investment rather than a hand-to-mouth exercise.
- 5.26 Stabilising the Paint Hall means securing a 5-year lease, an appropriate essential improvements budget, an appropriate maintenance budget, and appropriate management resource. We also propose that the first floor of Thomas Andrew's house is rolled into the Paint Hall lease as it provides perfect office accommodation for the production taking place at the Paint Hall (as illustrated on *Your Highness*).
- 5.27 Provided there is production activity in the Paint Hall the rent costs will be met by the production company. However, if production activity is not taking place in the Paint Hall invest NI has agreed that the short fall in rent can be met through re-allocation of existing Invest NI funding subject to approval.

FURTHER INFRASTRUCTURAL DEVELOPMENT

- 5.28 We do not, at this stage, propose any larger scale 'infrastructure strategy' as alluded to in the evaluation. In other parts of the UK, the BBC has taken the lead in new facilities provision with mixed results. Decisions in relation to television studio space appropriately lie, in the first instance, with the BBC. For the majority of the sector, development activity remains the most important catalyst for growth.
- 5.29 Northern Ireland Screen remains cautious about the value and risk profile associated with large-scale infrastructure projects like, for example, Pacific Quay in Glasgow or the Media City in Salford, and, while enthusiastic about the potential for added value emanating from clustering, remains anxious to avoid a strategy that is overly focused on the building of infrastructure.
- 5.30 Northern Ireland Screen would recommend that this type of development is only undertaken if it has the support of an anchor tenant, most likely the BBC, which is providing either directly or indirectly a significant proportion of the finance necessary.
- 5.31 In the meantime, we propose continuing with the strategy of adapting already available assets and maximising their potential as screen industry infrastructure. Both the Paint Hall and Maysfield Leisure Centre are good examples of this strategy.

BLICK STUDIOS/NERVE CENTRE & PROJECT KELVIN

- 5.32 However, we do propose support for some initiatives that already exist; for example, Blick Studios and the Nerve Centre. We also propose to try and integrate Project Kelvin into the creative industries sector, possibly in the first instance via HBO's presence at Thomas Andrew's House and the possibility of leasing the ground floor to other creative companies that could use the broadband access. And, most importantly, to secure a

commitment from government that it will look favourably at infrastructure needs as and when they arise; for example, Maysfield Leisure Centre.

HIGHER PRIORITY TO SKILLS DEVELOPMENT

5.33 We propose a wider based Skills Fund linked into Skillset, the BBC, Digital Circle and the large-scale productions like *Game of Thrones*. This Skills Fund will subsume the Skills Bursary Fund presently funded by the UK Film Council and replace the Business Development Programme.

5.34 Key Elements of Skills Development funding will be:

- Undertaken in conjunction with Skillset, in line with the anticipated *Strategic Skills Assessment for Northern Ireland* (which replaces the Sector Skills Agreement for the Creative Industries 2008-2011).
- Skills gaps will be identified by assessment of the skills needs identifiable on Screen Fund projects.
- An annual new entrant scheme will be created on similar lines to the present Northern Ireland Screen-delivered new entrant scheme as supported by Skillset, taking into consideration lessons learnt from the successful Irish Language Broadcast Fund new entrants' scheme which will also continue.
- Production based training will be prioritised; for example, work shadowing, mentoring and acting up.

DIGITAL CONTENT

5.35 Northern Ireland Screen will embark on a further push on digital content grounded in a communication plan that better explains the real export growth opportunities in digital content as opposed to the perceived ones, and a revision of paperwork to be more accessible to this type of content.

5.36 Northern Ireland Screen wishes to pursue an inward investment strategy in CGI ('Computer Generated Images') and other aspects of post production. This ambition may require strongly supported familiarisation trips for LA-based executives at significant cost; that is, business class flights.

5.37 Northern Ireland Screen will seek a review of the progress of companies supported by Creative Industries Innovation Fund awards with a view to seeking out new potential companies for support.

BBC

- 5.38 To ensure continuing high levels of additionality for Northern Ireland Screen funding, there will be a shifting away from direct support of BBC production projects to a policy of only supporting the infrastructure and training aspects and potential from BBC projects or international co-production projects which the BBC is only one of a number of funders. This protects us from a repeat of our over dependency on the BBC in relation to achieving our growth targets.

IRISH LANGUAGE BROADCAST FUND

- 5.39 The Irish Language Broadcast Fund will continue to operate as in previous years.
- 5.40 A review of priorities will be undertaken early in 2010 to fine tune the commissioning priorities.
- 5.41 Targets for 2010-11 will be agreed with the UK Film Council on behalf of DCMS. The proposed targets will be 70 hours of locally produced Irish language television content for broadcast in Northern Ireland.
- 5.42 The successful new entrant scheme will be continued.
- 5.43 Recommendations from DCAL's evaluation of the Irish Language Broadcast Fund up to March 2009 will be reviewed with the UK Film Council and DCMS when they become available in May 2010.

EDUCATION STRATEGY

- 5.44 Northern Ireland Screen remains completely committed to the objectives laid out in the Wider Literacy Policy document.
- 5.45 In the pursuit of these objectives the priorities are:
- Increased support for the Creative Learning Centres including direct financial support from the Department of Education making the Creative Learning Centres a partnership between the DCAL and DE and more fully integrated into mainstream education provision.
 - The continuation and expansion of the activities to teach teachers the skills needed to fully embrace creative digital technology and moving image critical learning skills, including the further development of appropriate accreditation.
 - The further expansion of the After School Film Clubs from the present 45 schools.
 - The continued integration of the Digital Film Archive into formal curriculum based education provision.

FILM EXHIBITION, HERITAGE & COMMUNITY OUTREACH

- 5.46 Subject to funding availability, Northern Ireland Screen will continue to fund its exhibition and community outreach partners to collectively grow their audiences and participants. Over the course of the strategy period we will also explore the possibility for further collaboration between the exhibition partners.
- 5.47 Cinemagic and the Nerve Centre will be tasked with growing the After School Film Clubs, even if this has to come at the expense of other activities presently funded by Northern Ireland Screen.
- 5.48 Belfast Film Festival will be charged with continuing to grow its significance and audience in the greater Belfast area, and with developing the industry relevance of what it does.
- 5.49 Queens Film Theatre will be encouraged to continue its audience development including exploring its tourist relevance particularly in 2012 during the Titanic celebrations. It will also be encouraged to continue the development of its industry relevance which has increased dramatically in the last 2 years.
- 5.50 Northern Ireland Screen, while supportive of Cinemagic's international ambitions, will not be funding them. Instead, it will be focusing its funding on a wide range of screenings and positioning Cinemagic as the highlight in the calendar for audiences grown through the After School Film Clubs. Foyle Film Festival will be encouraged to develop in the same way, building on its already considerable educational and curriculum focused screenings.
- 5.51 Cinemobile will also be asked to focus almost exclusively on school aged audiences and curriculum supporting screenings.
- 5.52 In the early years of the strategy, all of the exhibition partners will take part in the Northern Ireland Screen Legacy Trust supported exhibition programme and with the Cultural Olympiad endorsed Film Nation project delivered through the UK Film Council.
- 5.53 As a priority, Northern Ireland Screen will continue to develop its Digital Film Archive and endeavour to increase, through the training of third parties, its provision of outreach workshops using the DFA.
- 5.54 Northern Visions will continue their extensive community outreach work.

MARKETING

- 5.55 Marketing will continue to play an important strategic role within Northern Ireland Screen and remains a fundamental part of our business, supporting the various departments to achieve the objectives.

- 5.56 Over the past 3 years, major campaigns have been implemented to showcase the benefits of Northern Ireland as a centre for independent film and television production, selling our location, funds and facilities to the global screen industry, as well as to communicate Northern Ireland's success stories and promote our product and talent on the worldwide stage.
- 5.57 The increase in awareness of Northern Ireland Screen and its manifold achievements now stand at an all-time high within the wider screen industries.
- 5.58 To maintain this buoyant position and ensure Northern Ireland's continued positive ranking in the face of increasing global competition, it is imperative that the marketing activity in this regard follows previous and successfully proven strategies.
- 5.59 The work and success of the Education Department at Northern Ireland Screen is often in the shadow of film and television production, suffering from a less glamorous and glitzy image. Greater effort is needed to communicate the accomplishments of this department.
- 5.60 Overall, we should ensure a balance between outward and inward facing activities. We will also ensure that DCAL, Invest NI, the UK Film Council, European Regional Development Fund, the Arts Council and Lottery are appropriately acknowledged in our marketing activities.
- 5.61 In line with KPMG's evaluation, the Markets & Festivals Fund will be discontinued. It will be replaced by individual travel bursaries for new and upcoming talent to visit key festivals and markets.
- 5.62 Rather than supporting individual companies to attend key markets, Northern Ireland Screen will lead a presence at key markets and festivals.
- 5.63 Northern Ireland Screen wishes to retain the ability to undertake sometimes expensive familiarisation trips which are critically important in attracting large scale production. However, Invest NI has not presently sanctioned this expenditure but has agreed to consider on a case-by-case basis.
- 5.64 The key marketing focuses are as follows:

PRODUCTION – all sectors

- Sell the benefits of Northern Ireland as a location for independent production – highlighting the diversity, compactness and cost-effectiveness;
- Communicate Northern Ireland's unique position – politically UK but geographically the island of Ireland;
- Sell the Paint Hall as a fully functioning studio facility;

- Highlight and actively sell all funding initiatives directly to the target market, recognising and reacting to market changes when necessary;
- Continue to create opportunities for the Northern Ireland production sector by building and strengthening relationships outside of Northern Ireland;
- Promote and celebrate Northern Ireland creativity and success stories both at home and abroad.

Additional focus for Film

- US studios and cable television networks remain flexible targets, necessarily dependent on the availability of the Paint Hall; for example, should *Game of Thrones* not proceed, a swift and concerted effort focused on its replacement will be required. Despite the present tracked alternatives, familiarisation trips will be needed to support this;
- A focus on the Cannes Film Festival will be retained with other festivals like Berlin, Toronto and AFM reviewed regularly;
- Help create opportunities for Northern Ireland film-makers to gain access to financiers, sales agents and distribution outlets and help maximise the distribution potential of indigenous features;
- Exploit all film releases regardless of territory and distribution type and promote the Northern Ireland connection;

Additional focus for Television

- Sustain pressure on the main public service broadcasters to commit to more commissions from Northern Ireland;
- Promote the resilience of the Northern Ireland independent production sector and celebrate its recent expansion through the establishment of partnerships and incoming super-indies;
- Celebrate the increased network production activity emanating from Northern Ireland;
- Continue to assist and encourage the television sector to have a presence at the TV markets MIPTV and MIPCOM, despite the economic downturn, by offering renewed support for the Pact Pavilion.

Additional focus for Digital Content

- Highlight funding programmes available for digital content and market same to this specific target group;

- Work directly with the digital sector including Digital Circle to help promote and exploit the talent and product;
- Continue to work with broadcasters and other platform operators to build a dynamic new media sector.

Marketing support for Education

5.65 Running parallel to this key marketing activity which is of benefit primarily to the production sector, we have identified a need to communicate more effectively the work of the Education Department. Through the implementation of a fully executed multi-channel campaign, we will:

- Communicate the ongoing work of the Education Department to key stakeholders;
- Celebrate the success of the Wider Literacy Strategy through the exploitation of the achievements of Northern Ireland schools;
- Promote the Creative Learning Centres and seek opportunities for their exploitation to a wider audience both in Northern Ireland and other UK regions.

TERM

5.66 ***'Driving Global Growth'*** will be a 4-year strategy. This will allow the main economic funding provided by Invest NI to be brought in line with the other funding cycles which are tied more directly to the Comprehensive Spending Review. The strategy will require augmenting throughout 2010-11, the first year of the strategy, as the funding situation becomes clearer for DCAL, DCMS, UK Film Council, Lottery and DEL.

CORE FUNDING

5.67 This strategy requests a higher level of support for core costs from Invest NI than was received in previous years. It is important to stress that this is not due to significantly higher costs in the running of Northern Ireland Screen. Instead, it reflects the reduction of available funding from other sources.

Without this stability, Northern Ireland Screen will be unable to deliver its core economic activities.

PIPELINE OF FUTURE PROJECTS

5.68 Given that funding is not secure, Northern Ireland Screen is not actively seeking projects to support beyond March 2010. Despite this lack of active marketing, there are a considerable number of projects already visible, some of which will become the future Northern Ireland production activity.

Large-Scale Production Film or Television (Paint Hall Projects)

1. GAME OF THRONES

- Television drama from HBO, the world's most critically successful drama producer of the last decade (***The Sopranos, The Wire, Band of Brothers, Rome***).
- A pilot costing \$13 million has already been filmed in Northern Ireland, Scotland and Morocco. Locations included Castle Ward, Tollymore Forest Park and the Paint Hall Studio.
- A decision on the series is expected in April. The series budget will be approximately \$70 million (including the pilot), making it the most expensive television series to be produced in Europe since ***Band of Brothers***.
- HBO has already committed to making the series in Northern Ireland should it be green lit.
- The value to Northern Ireland of this project is substantial. As well as being a massive budget returning series, it could also deliver a substantial tourist benefit, being Northern Ireland's equivalent of New Zealand's ***Lord of the Rings***.

2. REMAKE OF DUNE

- Paramount has scheduled the production of a \$100 million remake of ***Dune***, Frank Herbert classic science fiction novel previously made in 1984 by director David Lynch.
- As an almost completely studio-based film, this is an excellent fit with the Paint Hall.
- Paramount is interested in the Paint Hall and in Mark Huffam executive producing the film.
- This is an alternative to ***Game of Thrones***.

3. THE GRAVEYARD BOOK

- ***The Graveyard Book*** is a \$60 million Neil Jordan production from Neil Gaiman's children's fantasy novel.
- With all but 7 days in studio, ***The Graveyard Book*** is an excellent fit for the Paint Hall.
- With Neil Jordan based in Dublin, he is attracted to producing the film out of the Paint Hall as an alternative to Pinewood in England. Neil Jordan filmed part of ***Breakfast in Pluto*** in Northern Ireland some years ago and is positive about filming here.
- This is also an alternative to ***Game of Thrones***.

Other films not dependent on the Paint Hall with local themes and settings

4. WHOLE LOTTA SOLE

- Budget approximately £5 million
- Locally set comedy from Belfast born director Terry George (***Hotel Rwanda, In the Name of the Father***) set to star Jonathan Rhys-Meyers, Kevin Bacon, Sophie Okonedo and James Nesbitt.
- Already announced as filming in Northern Ireland in the new year but likely to be later in the spring.

5. **GOOD VIBRATIONS**

- Budget approximately £3 million.
- **Good Vibrations** is the life story of Terry Hooley and his legendary Belfast indie record label.
- This film, developed by Northern Ireland Screen using lottery funds, has a particularly strong local team. Produced by Andrew Eaton (**Red Riding, 24 Hour Party People**), Chris Martin (**Pumpgirl, Peacefire**), David Holmes (**Ocean's 11**); directed by Glen Leyburn and Lisa Barros d'Sa (**Cherrybomb**) and written by local novelist Glen Patterson.
- Has commitment from UK Film Council to finance.
- Expected to go into production in 2010.

6. **BLAIR MAYNE**

- Approximate budget of £20 million.
- The story of Paddy Mayne, the most decorated soldier of the Second World War with the screenplay from local writer Richard Crawford.
- Still in development but a potential project for later in the strategy.

7. **AISHA'S COMMUNION**

- Budget approximately £1.5 million.
- A comedy written by The Hole in the Wall Gang for local production company Generator Entertainment. Mark Huffam (**Mama Mia**) producing and Peter Howitt (**Jonny English**) directing.
- Developed by Northern Ireland Screen through the Product Development Fund, expected to go into production in 2010.

8. **PARRABELLUM**

- Budget approximately £5 million.
- A period drama written by Collum McCann and Gary McKendry (Oscar nominated for his short film **Everything in this Country Must**) based on the book by David Martin.
- Produced by Colin and Simon Lewis with Gary McKendry directing.
- Still in development but a potential project for later in the strategy.
- Developed by Collin Lewis and Simon Lewis for Lewis Pictures Limited.

9. **SISTER GENEVIEVE**

- Budget approximately £4 million.
- The life story of St. Lousie's headmistress Sister Genevieve written by Ronan Blaney and based on John Rae's book.
- Produced by Noel Qualter with Terry Loane (**Mickybo and Me**) directing.
- Still in development but a potential project for later in the strategy.
- Drama set in Northern Ireland during the Troubles but told from a unique perspective and dealing with inequality.
- 2nd stage development award for 2nd draft script made on 16 December 2008 – producers keen to get to production stage as soon as possible.

10. JUMP

- Budget approximately £2 million.
- Adapted by Lisa Magee from her award winning stage play of the same name, *Jump* is produced by Brendan Byrne and to be directed by Kieron Walsh (*When Brendan Met Trudy*).
- Still in development with Northern Ireland Screen through the Lottery Fund.
- The project is being tracked by Film Four and is expected to go into production in 2010/2011.

11. TEENAGE KICKS

- Budget approximately £1 million.
- A teen slasher written by Spence Wright (*Red Mist*) and John Cairns. Produced by Michael Kelly (*Red Mist*).
- Still in development with Northern Ireland Screen through the Lottery Fund.
- The project is being tracked by AV Pictures and is expected to go into production in 2010/2011.

Possible Television Drama Projects

12. TITANIC

- Budget approximately £10 million.
- Already commissioned by ITV for transmission in May 2012.
- Four interlinking stories that give an insight into Edwardian society through the lives of three passengers on the Titanic. Written by Julian Fellowes (*Gosford Park*) and produced by Nigel Stafford-Clark of Deep Indigo Productions and David Collins of Samson Films.

13. THE THREE MUSKETEERS

- Budget approximately £20 million (£2 million an episode for 10 episodes)
- A BBC adaptation of the classic French story by Alexander Dumas. Originally was to be shot in France but is now looking for a production base. Mark Huffam is hoping to produce.

Non-Drama Television Projects

14. BIG CITY PARK

- Budget approximately £1 million for 30 episodes.
- Children's pre-school series set in Ormeau Park and produced by Sixteen South (*Sesame Tree*) for CBeebies.
- Pilot project co-financed by CBeebies and the Product Development Fund.

15. LIAM HOURICAN SERIES

- Budget approximately £1 million.
- Comedy series for Channel 4 and RTE.
- Green Inc are in the final negotiations regarding a comedy series starring Liam Hourican based on their previous one-offs with Liam.
- Green Inc's relationship with Liam Hourican was developed with financial assistance from the Product Development Fund.

16. ICARUS 3D

- Budget unknown but likely to be £500,000+.
- Besom Productions (**Waveriders**) produced 3D feature film looking at the history of human body flight.
- Currently being developed but potential future project especially given the critical acclaim for **Waveriders**.

Digital Projects

17. THE WEDDING DIARIES

- Co-production between Campbell Ryan Entertainment and Be Entertainment.
- Interactive online and television series with multiplatform elements both for online and mobile phones.
- Aimed at female audiences in the UK and Ireland.
- Finance from Virgin Media and a Portuguese investor.

Development Projects (PDF)

18. DOUBLEBAND EXPANSION

- DoubleBand is one of the most successful local production companies with a strong track record in documentaries and factual television.
- Both the BBC and Channel 4 have shown strong interest in backing the company to produce longer forms of television for their respective channels and to produce documentaries on a more regular basis.

19. WADDELL MEDIA COMEDY JOINT VENTURE WITH DLT ENTERTAINMENT

- Waddell Media has joined forces with sitcom producers and distributors DLT Entertainment (**My Family, As Time Goes By, Three's Company**) to develop sitcom ideas that can be produced in Northern Ireland.

Talent Opportunity Focused Production

20. Ultra Low Budget Fiction Scheme (ULBFS) 10/11

- Northern Ireland Screen has selected 5 scripts for development under the Ultra Low Budget Fiction Scheme from the 65 received. **In Like a Lion** by John McIllduff, **The Trip** by William Simpson, **The Book of Daniel** by Paula Clamp, **My Name Is Billy Wong** by Lab Ky Mo, and **Saturday's Child** by Ronan Blaney.
- It is hoped that we will be in a position to select one script in April 2010 for production in the financial year 2010/2011 similar to **Scapegoat, Pumpgirl and Peacefire** in previous years.

	Very High Economic Value	Local Production Company	Local Producer	Local Director	Local Writer	Local Story	Local Cast Opportunities	Post Production Undertaken Locally	Strong Tourist Potential	Developed by Northern Ireland Screen
Large Scale Productions										
Game of Thrones	✓		✓					✓	✓	
Remake of Dune	✓		✓							
The Graveyard Book	✓		✓							
Other Films										
Whole Lotta Sole				✓	✓	✓	✓			
Good Vibrations		✓	✓	✓	✓	✓	✓	✓		✓
Blair Mayne	✓				✓	✓	✓			✓
Aisha's Communion		✓	✓		✓	✓	✓	✓		✓
Parrabellum		✓	✓	✓		✓	✓			✓
Sister Genevieve				✓	✓	✓	✓	✓		✓
Jump		✓	✓		✓	✓	✓			✓
Teenage Kicks		✓	✓		✓	✓	✓	✓		✓
Television Drama										
Titanic	✓					✓			✓	
The Three Musketeers	✓	✓	✓							
None Drama Television Projects										
Big City Park		✓	✓		✓	✓	✓	✓		✓
Liam Hourican Show		✓	✓	✓				✓		✓
Icarus 3D		✓	✓							✓
Digital Projects										
The Wedding Diaries		✓	✓		✓		✓	✓		✓
Development										
Double Band Expansion		✓	✓	✓	✓			✓		✓
Waddell Media/DLT Comedy		✓	✓		✓	✓	✓	✓		✓
Talent Opportunity Focused Production										
Ultra Low Budget Fiction		✓	✓	✓	✓	✓	✓	✓		✓

COMPARISON BETWEEN DRIVING GLOBAL GROWTH AND BUILDING ON SUCCESS

“Building on Success”		“Driving Global Growth”	
Programme	Key Features	Key Features	Rationale
Northern Ireland Screen Fund	<ul style="list-style-type: none"> Support for film, television drama, factual television and digital media with highly monitored quotas for each; Investment level up to a maximum of £800,000 (increased to £1.6m); Support for indigenous companies and inward investors; Fund delivered through repayable loan dependent upon the success of the production (except in the case of studio scale production where the award is a grant). 	<ul style="list-style-type: none"> Invest up to £1.6 million although £800,000 remains the ceiling for all but the largest productions. Remove the prescribed targets for sub-genre film, television drama, factual television and digital content. Introduce a greater degree of flexibility about the nature of the production funding. Introduce an even greater focus on international co-production and where appropriate increase the specific prescribed local crew and cast requirements (ensuring continued very high additionality). Prioritise projects from indigenous production companies to maximise the residual value of all awards. Remove distinction between production and development in relation to digital content. 	<ul style="list-style-type: none"> The higher investment ceiling is to continue to attract large-scale production and to compete with tax breaks for television drama in the Republic of Ireland and France. The sub-genre targets, including the emphasis on television production being more sustainable, were very unhelpful during Building On Success. Northern Ireland Screen is most successful when it pursues opportunities as they arise and when we react quickly to changing market conditions. There is no evidence that we require this heavy monitoring to pursue our stated objectives. The focus on international co-production will further strengthen the production community in Northern Ireland by increasing their outside the UK exports and will also ensure we remain fully additional even if co-financing with the BBC. Where local production companies are involved, they ensure that maximum value is extracted for the benefit of Northern Ireland. We must avoid the assumption that production company applicants from outside of Northern Ireland have by definition a stronger additionality case than local companies. The distinction between production and development in digital content and some forms of television is no longer helpful and has led to unnecessary difficulties during Building On Success.
Product Development Fund (PDF)	<ul style="list-style-type: none"> Provides funding for slate (5 projects) or for individual development projects; Provided to any size of production company; Funding of up to £100,000 	<p>We would propose that development funding be subsumed within the Northern Ireland Screen Fund. However, until approved we will continue to develop projects using existing PDF guidelines.</p>	<ul style="list-style-type: none"> This was actually the intention for Building On Success but the administration and monitoring framework mitigated against its implementation. Defining discreet development as opposed to production has become

	<p>available to develop television, film, animation and new media products;</p> <ul style="list-style-type: none"> ▪ The fund is largely but not exclusively to be used for projects in receipt of match funding; ▪ Applications are welcome from both indigenous companies and inward investors (subject to setting up a permanent base in NI); ▪ The loan is recoupable upon commissioning with the NIFTC recouping a 50% premium; 	<ul style="list-style-type: none"> • Northern Ireland Screen will in consultation with Invest NI, seek to remove the distinction between development and production where appropriate, including all digital media. ▪ Again, in consultation with Invest NI, we will seek to remove the 50% premium on development funding in line with the Creative Industries Innovation funding, GAP funding and other screen agencies ▪ The introduction, subject to agreement with Invest NI, of Development awards from £5,000 for a single project removing the need in all circumstances to have a slate of projects.. ▪ Match funding remains a key criteria for budgets over £20,000 but we will seek to remove the need for match funding for budgets under £20,000 ▪ Applications continue to be welcome from both indigenous companies and inward investors (subject to setting up a permanent base in NI); 	<p>increasingly difficult in the digital age and is almost impossible in relation to digital content. It is also fairly difficult in many forms of television as a paper pitch leads to a taster tape, leads to pilot which may or may not be for broadcast, becomes a one-off programme with a view to becoming a television series.</p> <ul style="list-style-type: none"> ▪ Match funding remains important as it ensures market interest. It also reflects the way in which Northern Ireland Screen uses funding to lever relationships either directly or on behalf of a local company; ▪ Opening awards to single projects for as little as £5,000 protects Northern Ireland Screen from difficulties as Lottery funds reduce.
<p>Business Development Programme (BDP)</p> <p>Replaced with wide ranging Business and Skills Development Fund</p>	<ul style="list-style-type: none"> ▪ Focus on internationalisation and the emergence of digital content; and ▪ Where possible increase the reach of participants to the programme; 	<ul style="list-style-type: none"> ▪ New fund will be as flexible as possible with the capability to channel funds quickly towards identified training needs. ▪ The needs will primarily be plotted with reference to the skills gaps identified on the Northern Ireland Screen Fund assisted productions. ▪ However, other stakeholders including in particular the BBC, 4IP, PACT, Skillset and Digital Circle will have repeated opportunities to identify skills needs. ▪ Funding will be available for single training opportunities and training schemes. The 	<ul style="list-style-type: none"> ▪ As the levels of production increase, the need to focus on business and skills development increases. Accordingly, Northern Ireland Screen wishes to focus more resources on this area. The BBC's more formalised strategic plan for growth in network production provides an opportunity to engage in skills enhancement in a more effective way. This opportunity is further strengthened by the Controller of BBC Northern Ireland taking over as chair of the Northern Ireland Skills Panel; ▪ However, ideally skills development will remain inextricably linked to production activity; for example, if <i>Game of Thrones</i>

		<p>availability of match-funding will be a strong consideration for training schemes while single training opportunities will require a contribution from the applicant.</p> <ul style="list-style-type: none"> ▪ Where appropriate the Screen Academy will be considered as the overarching training deliverer. ▪ Apprenticeship models attached to returning production will be heavily favoured as the skills development model. 	<p>Thrones goes to series we would propose funding a number of trainee production accountants to plug a long-standing gap in the local infrastructure.</p> <ul style="list-style-type: none"> ▪ This funding stream would no longer be exclusively linked to TRC (The Research Centre), although support for individuals to take part in TRC programmes is not ruled out. ▪ The screen industries remain formally hierarchal, making apprenticeship models and work shadowing models highly effective. The recent New Entrant Scheme undertaken by Northern Ireland Screen illustrated the value and success of the apprenticeship model with access to live production the key element. The Irish Language Broadcast Fund Trainee Scheme has been similarly successful using the same balance of work placement and focused training.
<p>Markets, Festivals and Conferences Fund (MAFF)</p> <p>To be replaced by</p> <p>Individual Travel Bursaries</p> <p>&</p> <p>Northern Ireland Screen led trade missions</p>	<ul style="list-style-type: none"> ▪ Support to NI companies; ▪ Introduction of a multi-event grant against an annual marketing plan; ▪ Provides awards of up to £5000 or 50% of total costs of attending; ▪ Introduce a focused information campaign to widen the net of present applicants to include companies focused on new media/broadband content; and ▪ Continue to fund single event schemes providing up to £1500 or 50% of eligible costs; 	<ul style="list-style-type: none"> ▪ Aligned with our stronger emphasis on international markets, introduce individual travel bursaries to facilitate writers, directors and other key talent to travel to international festivals and markets in support of their projects; ▪ To retain focus on international markets and in support of our international co-production strategy, redeploy MAF funds and some marketing budget on Northern Ireland Screen-led trade missions with a target list that goes beyond MIP, MIPCOM and the Cannes Film Festival 	<ul style="list-style-type: none"> ▪ Invest Northern Ireland has always been uncomfortable with MAFF, and Northern Ireland Screen regards it as appropriate to re-imagine this activity; ▪ In line with the re-galvanised international focus and that refocus on individual talent, we propose a number of individual travel bursaries to allow writers, directors and other key talent to attend international festivals and markets in support of their projects; ▪ Focused trade missions led by the agency appear to be more in line with Invest Northern Ireland practice; ▪ They may be undertaken in association with DTI, UK Film Council, Irish Film Board, Invest NI, Belfast City Council or other agencies that from time to time have overlapping or aligned interests;

Marketing	<ul style="list-style-type: none"> ▪ Provides support for the marketing and promotion of indigenous independent production sector; and ▪ Promotes and celebrates product as a way to best promote the sector and NI; 		<ul style="list-style-type: none"> ▪ The re-emphasised international focus for co-financing and sale of completed projects puts an increased emphasis on marketing. However, it is proposed that this is undertaken with stand still funding. ▪ Northern Ireland Screen are seeking funding for familiarisation trips to remain a key element of its strategy. These will be necessary for the inward investing Digital Content project and for film or television replacements for Game of Thrones should Game of Thrones not go to series or be cancelled during the next 4 years. ▪ Marketing will also focus more closely on supporting the development of a more connected community across the local screen industry and, equally importantly, into web design, gaming and music.
Paint Hall	<ul style="list-style-type: none"> ▪ The Paint Hall was not a formalised element of the Building On Success strategy, leading to a wide range of difficulties in its management and a risk profile associated with it for Northern Ireland Screen that is no longer acceptable to either Northern Ireland Screen or its sponsor department DCAL. 	<ul style="list-style-type: none"> ▪ Secure a 5 year lease of the Paint Hall (including the 1st Floor of Thomas Andrew’s House as office accommodation) at the lowest rate achievable. ▪ Lease to have a cut off after 3 years. 	<ul style="list-style-type: none"> ▪ The Paint Hall has been critical in the attraction of City of Ember, Your Highness and Game of Thrones. Northern Ireland Screen’s ability to deliver the Paint Hall to incoming production must be copper-fastened through the securing of a long term lease and the arrangement to underwrite the rent, improvement and maintenance costs associated with that, no matter whether there is production in situ or not.
Operations	<ul style="list-style-type: none"> ▪ Support the ongoing day-to-day administration and management of Northern Ireland Screen and its supported interventions. 	<ul style="list-style-type: none"> ▪ Invest Northern Ireland to fund 70% of Northern Ireland Screen’s core costs and therefore ensure that it is stable and reasonably secure for the foreseeable future. 	<ul style="list-style-type: none"> ▪ Northern Ireland Screen’s core funding for administrative costs has always been a difficult jigsaw puzzle. That puzzle is potentially breaking down, with the UK Film Council withdrawing direct funding, the Lottery dramatically reducing and DCAL indicating that it is in no position to up its contribution. ▪ For Northern Ireland Screen to be successful it must have a stable source of funding for its core staff and administrative overheads. A lack of this stability during the course of the Building On Success strategy had a considerable negative impact on delivery over a significant period of time.

ECONOMIC OUTPUT FROM STRATEGY

	Inputs					Total	
	Year 1	Year 2	Year 3	Year 4			
	10/11	11/12	12/13	13/14	(£'000)		
	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)		
Northern Ireland Screen Fund							
Large Scale Production Film or Television	1,600	1,600	1,600	1,630	6,430		
Other film or television drama	950	1000	1,000	1,000	3,950		
Non Drama Television	450	450	450	450	1,800		
Digital Content Development & Production	215	400	400	400	1,415		
Large Scale Digital Inward Investment Project	0	00		0	0		
Talent Opportunity Focused Production	200	200	200	200	800		
Development	300	400	400	400	1,500		
Northern Ireland Screen Fund Total	3,715	4,050	4,050	4,080	15,895		
					15,895		
	Outputs					Total	Output Ratio x : 1
	Year 1	Year 2	Year 3	Year 4			
	10/11	11/12	12/13	13/14	(£'000)		
	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)		
Northern Ireland Screen Fund							
Large Scale Production Film or Television	16,000	16,000	16,000	16,300	64,300	10.0 : 1	
Other film or television drama	3,325	3,500	3,500	3,500	13,825	3.5 : 1	
Non Drama Television	1,575	1,575	1,575	1,575	6,300	3.5 : 1	
Digital Content Development & Production	430	800	800	800	2,830	2.0 : 1	
Large Scale Digital Inward Investment Project	0	0	0	0	0		
Talent Opportunity Focused Production	300	300	300	300	1,200	1.5 : 1	
Development	1,500	2,000	2,000	2,000	7,500	5.0 : 1	
Northern Ireland Screen Fund Total	23,130	24,175	24,175	24,175	95,955		
					95,955	6.03 : 1	
Assumptions							
Large scale production to deliver 10:1 ratio each year							
Other Film or Television: Economic Return 3.5:1							
Non Drama: Economic Return 3.5:1							
Digital Content Development & Production: Economic Return 2:1							
Large Scale Digital Inward Inv Project: Economic return 5:1 rising to 6:1							
Talent Opportunity Focused Production: Economic Return 1:1.5							
Development: Economic Return 5:1 (PDF investments carried over in outputs)							

6 Financial Strategy



6.0 FINANCIAL STRATEGY - 4 YEARS – 2010-2014

INTRODUCTION

- 6.1 Northern Ireland Screen's financial strategy sets out how the Commission intends to structure and manage its finances over the 4-year period 2010-14, thus ensuring its objectives are achieved. This approach reflects good business planning, sound financial management and demonstrates the stewardship of public money.
- 6.2 The 2009-10 approved budget and funding provides the base position for the financial strategy and takes into account recommendations from the subsequent KPMG Evaluation commissioned by Invest NI. Projections of future expenditure and income levels have been made from this starting point.
- 6.3 Northern Ireland Screen needs to prioritise its spending plans which involves identifying the financial pressures impacting on its aims and objectives, such as those caused by the reduced income already identified. We must also look at certain areas where we could reduce levels of activity.
- 6.4 Northern Ireland Screen wishes to consult with interested parties, and the financial strategy provides an opportunity to begin this process.

EXTERNAL INFLUENCES

- 6.5 External factors to be considered in the financial strategy include:
- the current economic downturn and its likely impact on government financial resources; balanced by the opportunities for growth in the screen industries against a backdrop of poor growth prospects elsewhere in the economy;
 - the government's Comprehensive Spending Review which could result in reduced public spending across many areas;
 - the lack of alignment between the timescale for the strategy appraisal and the outcomes of the CSR;
 - Lottery Funding through the Arts Council has been substantially cut in part due to the 2012 Olympics - indications are that this will continue to decrease over the 4-year period. This has a serious impact on the organisation's development activities;
 - there is limited scope for the Commission to increase income from other funders;
 - UKFC funding is presently predicted to cease from 2011.

KEY ASSUMPTIONS

- 6.6 To be able to produce a meaningful financial plan, a number of assumptions have to be made and regularly kept under review.
- 6.7 Economic factors such as inflation rates have an impact on the Commission's financial position. Tied to this, Northern Ireland Screen's pay rates are in line with the NJC rates (agreed at 1% 2009-10), and other expenditure will be impacted upon by the average RPI. (RPI was 1.4% in Oct 2009).
- 6.8 For these reasons all cost pressures for inflationary items within this plan have been set at an average of 1% pa from 2012-2014, unless there is contractual reason for using a different rate.
- 6.9 There is no inflationary increase applied to 2010-12 and therefore it will be necessary for the organisation to find the savings, should higher inflationary pressures be realised on costs. Any savings from vacancies arising over the period will be carefully monitored but have not been factored into the plan.

EXCHANGE RATES & UK AND IRELAND FILM TAX RELIEF

- 6.10 While exchange rate fluctuations will not have a significant impact on costs, they will have a considerable impact on the ability of the Commission to attract international productions into Northern Ireland. They must therefore be considered within Northern Ireland Screen's overall delivery of objectives. UK tax relief on film and other European tax relief on film and TV, and subsidy, will continue to create a competitive environment when attracting large-scale production.

FUNDING

- 6.11 The table below shows the funding budget from all sources in 2009-14.

	2010-11 £000	2011-12 £000	2012-13 £000	2013-14 £000	2009-10 £000
Invest Northern Ireland	4,822	5,164	5,167	5,184	5,557
DCAL	1,257	1,257	1,257	1,257	1,480
Lottery	337	300	250	200	382
UKFC	160	0	0	0	240
ILBF	3,000	3,000	3,000	3,000	3,000
Paint Hall	240	255	285	300	200
Other – non-government	0	0	0	0	109
TOTAL	9,816	9,976	9,959	9,941	10,945

- 6.12 Overheads have been allocated over the 4 years on a percentage basis which reflects the future funded activity.

REGULATORY FRAMEWORK

- 6.13 There are 3 main regulatory frameworks affecting this strategy. These are:
- European state aid notifications;
 - Letters of Offer from Invest Northern Ireland; and
 - Northern Ireland Screen's Management Statement and Financial Memorandum as enforced by DCAL.
- 6.14 In relation to the frameworks applied by DCAL and Invest NI, Northern Ireland Screen would strongly suggest that as much flexibility is allowed as possible. Northern Ireland Screen's most notable successes have arisen from chasing hard after opportunities as they arise. The highest profile example of this was the initial retention of the Paint Hall to facilitate *City of Ember*, but there are many other examples including the extensive marketing effort surrounding HBO's *Game of Thrones*, the securing of Kudos as an inward investing television drama production company and the financial support for Generator's television film slate.
- 6.15 In each of these examples, and in many others, Northern Ireland Screen has been determinately customer facing and has endeavoured to provide as much support to the companies and individuals involved as possible. This has been a key aspect in Northern Ireland Screen's reputation for being relatively easy to deal with.

EUROPEAN STATE AID

- 6.16 Northern Ireland Screen holds a UK notification for its development and production investments. This notification – State Aid n° N 593/2006 – United Kingdom as amended by notification N° N 70/2009 - covers both the Northern Ireland Screen Fund and the Irish Language Broadcast Fund.
- 6.17 The notification is valid until March 2012; that is, for the first 2 years of this strategy. Northern Ireland Screen will seek to extend this notification for a further 2 years to cover the 4 years of this strategy. A further notification to cover the Ulster-Scots Broadcast Fund will be sought.
- 6.18 As these state aid notifications are granted in support of cultural considerations as set out in Article 87(3)(d), they are not at present under risk of being phased out or reduced.
- 6.19 The levels of support proposed in this strategy fall within the annual limits set by the notification.
- 6.20 The Lottery funds Northern Ireland Screen administers are covered by a separate European State Aid notification managed by the UK Film Council on behalf of all film related lottery distributors in the UK. Again there is no foreseen difficulty with this notification.

LETTERS OF OFFER FROM INVEST NORTHERN IRELAND

- 6.21 Funding from Invest NI is issued subject to a set of detailed terms and conditions stated in the Letter of Offer issued on an annual basis. The letter of offer sets out provision for an overall package of funding to cover the period of the Strategy. Conditions include the agreement of a set of operating procedures relating to each of the funds which must be agreed in writing before any changes can be implemented.
- 6.22 The issuing of annual letters of offer presents a considerable administrative burden on both Northern Ireland Screen and Invest NI. A single letter of offer for the strategy period would alleviate some of this burden.

MANAGEMENT STATEMENT AND FINANCIAL MEMORANDUM

- 6.23 Northern Ireland Screen is required to operate under the terms of the MSFM. This document was drawn up by the Department of Culture, Arts and Leisure (DCAL), in consultation with Invest NI who acts on behalf of DETI, and Northern Ireland Screen and is approved by DFP. The Management Statement sets out the responsibilities and accountability of all parties and outlines the roles of Invest NI, DCAL, the Chair, the Board and the Chief Executive. The financial memorandum sets out in greater detail certain aspects of the financial provisions which Northern Ireland Screen must observe. It sets out the framework within which Northern Ireland Screen is required to operate and deals specifically with issues relating to income and expenditure, risk management, staff costs, capital expenditure, budgeting process, banking arrangements, and spending authority.
- 6.24 Northern Ireland Screen advocates a single point of departmental responsibility as an alternative to the present split responsibility between DCAL and DETI/Invest NI, on the basis that a single departmental structure would be more efficient.

FINANCIAL MANAGEMENT AND STEWARDSHIP

- 6.25 The accounts and procedures of Northern Ireland Screen have been audited by Muir & Addy Chartered Accountants and an unqualified audit report issued to March 2009. PWC, acting as internal auditors, have provided assurance to the Board on specified aspects of the corporate risks. They have carried out reviews of Financial Systems, Corporate Governance and Risk Management, Strategic Planning, MIS, ICT and Business Continuity, Data Protection & FOI, and Communications & Marketing Activities. Satisfactory ratings were given and there are no major issues outstanding. The internal audit plan will continue through to 2014.
- 6.26 Invest NI require a 100% inspection and vouching of all Invest NI-funded activity. They commissioned an EDO inspection of Northern Ireland Screen procedures which found no major issues, and an Evaluation of the 2nd strategy funding which was carried out by KPMG which indicated good value for money and a very high level of additionality.

- 6.27 DCAL has managed the corporate governance requirements of Northern Ireland Screen and has completed its own verification checks. DCAL is currently commissioning an end review of the ILBF to examine the procedures, performance and financial systems of the fund over the 4 years 2005-9.
- 6.28 Northern Ireland Screen’s Finance and Audit Committee, chaired by Peter Quinn, met 4 times during the year and reported to the Board. The Committee will continue to meet quarterly and follow the ‘Audit Committee Handbook’ guidelines.
- 6.29 Appendix C shows a profile of the members of the Audit Committee.

FINANCIAL POSITION

- 6.30 The 2009/10 budget provides the base position for the financial strategy. Projections have been made from this base taking into account known factors that have a financial impact on the organisation, in order to give an overall forecast of expenditure and income levels for the next 4 years.
- 6.31 A full budget can be found in Appendix A.

	2009-10	2010-11	2011-12	2012-13	2013-14
	£000	£000	£000	£000	£000
Income	10,945	9,816	9,976	9,959	9,941
Project costs	10,302	9,206	9,362	9,345	9,326
Overheads	645	610	614	614	615
Surplus/(deficit)	2	0	0	0	0

CAPITAL EXPENDITURE

- 6.32 The four-year capital programme is shown in Appendix B. The Commission has a very small asset base and capital spend is limited to replacement of office equipment, hardware and software associated with the administrative functions of the office.
- 6.33 There are no plans to extend production facilities in Northern Ireland beyond the Paint Hall. This building will be leased for a 5-year period with breaks. The lease will be capitalised and the corresponding funding released against this cost over the period of the lease. Funding has been allocated through the Screen Fund which is repayable by the production company. The Commission has instructed a commercial property agent to estimate the rental value of the studio facility. The building will require significant maintenance and improvements throughout this period.

CHALLENGING THE BASE LINE BUDGET AND ACHIEVING VALUE FOR MONEY

- 6.34 Northern Ireland Screen will look at the cost and performance of all of its services to ensure that it is achieving the best outcomes from the budget. Every department has reviewed their spending plans and considered the impact of reductions in income on their ability to meet their objectives and targets for 2010-2014. Overheads have been examined and where underspends have occurred in past years, the budgets have been reduced.

FUNDING PRIORITIES

- 6.35 The economic case for investing in the screen sector remains strong and the Screen Fund remains the key funding priority for this strategy. The commission will continue to attract large-scale production to Northern Ireland for film and television in order to maximise economic returns and will extend this to digital content development. The scale of production, rather than the genre, has been identified as the driving factor in generating exceptional economic returns. It is therefore proposed that the categorisation into sub-genre is less focused, which will allow Northern Ireland Screen to pursue opportunities as they arise and react to changing market conditions. This strategy has sufficient financial capacity to support the required diversity of production activity and promote a sustainable indigenous sector.
- 6.36 There is a need to consolidate the position of the Northern Ireland sector through continued support for production and skills development. This will allow even greater benefits to be extracted from each new project. A focus will remain on development of digital skills.
- 6.37 Development funding has been subsumed within the Screen Fund, as in the digital age defining development has become increasingly difficult and is almost impossible in relation to digital content.

FINANCIAL RISK MANAGEMENT

- 6.38 Risk management is a central part of Northern Ireland Screen's strategy and as such we have adopted a risk management strategy which identifies, evaluates and mitigates the risks which affect the Commission and have put appropriate financial and other arrangements in place to protect the Commission from the consequences of risk.
- 6.39 The strategy ensures that areas of high risk are identified and appropriate remedial action is considered.

RISK ASSESSMENT

6.40 The financial strategy is based on a number of assumptions and uncertainties which create risk, including inflation rates and levels of government funding. However, these have been mitigated by:

- adopting a prudent approach to forecasting;
- continuous monitoring and review of key factors;
- highlighting risks on expenditure and income levels, as outlined below;
- Invest NI supporting a higher percentage of overall core costs.

OTHER KEY RISKS ON INCOME AND EXPENDITURE

- Reduction in level of support for overheads from key funders (see table below);
- Ongoing maintenance cost of Paint Hall;
- Paint Hall rental lease not agreed beyond 2012 resulting in possibility of increased rent beyond budgeted levels;
- Inability to support key level of industry development activity due to further loss of Lottery funding and UKFC funding.

Funding of Operating Costs: 2010-2014	2010-11	2011-12	2012-13	2013-14
	£	£	£	£
Invest NI	600,000	604,000	607,000	611,000
DCAL	250,000	250,000	250,010	250,000
UKFC	0	0	0	0
Lottery	5,000	5,000	5,000	5,000
ILBF	100,000	100,000	100,000	100,000
Total overhead allocation	955,000	959,000	962,000	966,000

6.41 Overheads have been allocated over the 4 years on a percentage basis, which reflects the future funded activity (Invest NI 62%, DCAL 27%, ILBF 10%, Lottery 1%).

Appendix A

Income & Expenditure Account	2010-11	2011-12	2012-13	2013-14	2009-10
	£	£	£	£	£
Invest NI *	4,822,229	5,164,000	5,167,000	5,183,920	5,557,207
DCAL	1,257,000	1,257,000	1,257,000	1,257,000	1,457,000
ILBF	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
UKFC	160,000	0	0	0	240,000
ACNI Lottery	337,167	300,000	250,000	200,000	381,815
Paint Hall	240,000	255,000	285,000	300,000	200,000
Other	0	0	0	0	109,260
TOTAL Income	9,816,396	9,976,000	9,959,000	9,940,920	10,945,282
PROGRAMMES					
Production Funds					
Screen Fund	3,782,229	4,050,000	4,050,000	4,052,920	3,957,207
Paint Hall (rent, repairs & improvements)	340,000	355,000	385,000	400,000	300,000
Product Development Fund	0	0	0	0	700,000
Skills (09-10 BDF)	160,000	200,000	200,000	200,000	100,000
Lottery expenditure	332,167	295,000	245,000	195,000	381,838
Markets & Festivals Fund	0	0	0	0	30,000
Marketing Activity	190,000	220,000	220,000	230,000	270,000
Development activity	57,500	0	0	0	93,000
Screen Skills	0	0	0	0	95,650
Screen Academy	0	0	0	0	0
UTV home	0	0	0	0	11,500
Direct production costs - legal	50,000	50,000	50,000	50,000	60,000
Production salaries	210,478	210,478	212,583	214,709	206,726
	5,122,374	5,380,478	5,362,583	5,342,629	6,205,921
Irish Language Broadcast Fund					
Production budget	2,485,000	2,485,000	2,485,000	2,485,000	2,485,000
Salaries	81,239	81,239	82,051	82,872	78,333
Training	250,000	250,000	250,000	250,000	250,000
Direct costs and Marketing	73,761	73,761	72,949	72,128	76,667
	2,890,000	2,890,000	2,890,000	2,890,000	2,890,000
Exhibition					
Third Party Funded Org Committed	410,000	307,500	307,500	307,500	410,000
Education & Heritage					
DCAL CLC	555,000	555,000	555,000	555,000	510,000
Film Clubs	80,000	80,000	80,000	80,000	80,000
Archive Development	39,500	39,500	39,500	39,500	16,500
Education activities	15,000	15,000	15,000	15,000	60,000
MA in Film & TV	10,000	10,000	10,000	10,000	20,000
Education salaries	84,425	84,425	85,269	86,122	109,603
	783,925	783,925	784,769	785,622	796,103
TOTALS project costs	9,206,299	9361,903	9,344,853	9,325,750	10,302,024
Administration					
Salaries & wages	364,112	364,112	367,983	371,893	370,360
Office overheads	83,387	88,018	83,074	81,740	95,180
Premises	99,900	99,900	100,899	101,908	104,629
Travel & board	60,200	60,200	60,802	57,874	71,144
Depreciation, less grant release	2,498	1,867	1,391	1,754	0
	610,097	614,097	614,149	615,169	641,313
Surplus / Deficit	0	0	0	0	1,944

* Invest NI funding for 2010-11 includes £1.6m allocated to Game of Thrones from Invest NI 2009-20 funds

INVEST NI FUNDING

	2010-11	2011-12	2012-13	2013-14	Total	2009-10
Large-scale production for film or television (including Paint Hall) *	1,600,000	1,600,000	1,600,000	1,602,920	6,402,920	1,600,000
Other film or TV drama	950,000	1,000,000	1,000,000	1,000,000	3,950,000	1,457,207
Non-drama television	450,000	450,000	450,000	450,000	1,800,000	600,000
Digital content development & production	202,229	400,000	400,000	400,000	1,402,229	300,000
Large-scale digital inward investment project	0	0	0	0	0	0
Talent opportunity focused production	200,000	200,000	200,000	200,000	800,000	0
Development	380,000	400,000	400,000	400,000	1,580,000	0
Northern Ireland Screen Fund	3,782,229	4,050,000	4,050,000	4,080,000	15,890,000	3,957,207
Marketing activity	180,000	210,000	210,000	220,000	820,000	250,000
Skills	160,000	200,000	200,000	200,000	760,000	100,000
Paint Hall repairs & improvements	100,000	100,000	100,000	100,000	400,000	110,000
PDF	0	0	0	0	0	700,000
MAFF	0	0	0	0	0	30,000
Overheads	600,000	604,000	607,000	611,000	2,422,000	410,000
Total Funding	4,822,229	5,164,000	5,167,000	5,183,920	20,337,149	5,557,207
Commitments 2009-10 GOT	-1,600,000	0	0	0	-1,600,000	
Agreed to INI total available to commit 2010-11	3,222,229	5,164,000	5,167,000	5,183,920	18,737,149	5,557,207

* Invest NI funding includes £1.6m allocated to Game of Thrones from Invest NI 2009-20 funds

DCAL FUNDING					
DCAL FUNDING	2010-11	2011-12	2012-13	2013-14	2009-10
Education	54,500	54,500	54,500	54,500	76,500
Film Clubs	80,000	80,000	80,000	80,000	80,000
MA	10,000	10,000	10,000	10,000	20,000
Creative Learning Centres	555,000	555,000	555,000	555,000	510,000
Third Party Organisations - %	307,500	307,500	307,500	307,500	307,500
Overheads	250,000	250,000	250,000	250,000	463,000
Total	1,257,000	1,257,000	1,257,000	1,257,000	1,457,000
TPO Funding					
DCAL	307,500	307,500	307,500	307,500	307,500
UKFC	102,500	0	0	0	102,500
Total	410,000	307,500	307,500	307,500	410,000
Prior years funding	2006-7	2007-8	2008-9		2009-10
Education	76,500	76,500	76,500		76,500
Film Clubs	0	50,000	80,000		80,000
MA	43,000	43,000	30,000		20,000
Creative Learning Centres	500,000	475,000	500,000		510,000
Third Party Organisations	387,000	387,000	307,500		307,500
Overheads	200,501	225,500	413,000		463,000
Northern Visions	185,000		0		
Intergenerational Fund	80,000		0		
Renewing Communities		542,000	0		
	1,472,001	1,799,000	1,407,000		1,457,000

UKFC FUNDING	2010-11	2011-12	2012-13	2013-14	2009-10
	£	£	£	£	£
Third Party Organisations - Exhibition	102,500	0	0	0	102,500
Development Activity	57,500	0	0	0	53,000
Short films scheme	0	0	0	0	40,000
Overheads	0	0	0	0	44,500
Total Funding	160,000	0	0	0	240,000

Funding of Operating Costs	2010-11	%	2011-12	%	2012-13	%	2013-14	%	2009-10	%
	£		£		£		£		£	
Invest NI	600,000	63%	604,000	63%	607,000	63%	611,000	63%	410,000	40%
DCAL	250,000	26%	250,000	26%	250,000	26%	250,000	26%	463,000	45%
UKFC	0	0%	0		0		0		44,500	4%
Lottery	5,000	1%	5,000	1%	5,000	1%	5,000	1%	2,090	0%
ILBF	100,000	10%	100,000	10%	100,000	10%	100,000	10%	100,000	10%
Total overhead allocation	955,000		959,000		962,000		966,000		1,019,590	

Funding of Operating Costs prior Years	2006-7		2007-8		2008-9		2009-10	%
							£	
Invest NI	547,419	59%	580,000	58%	450,000	44%	410,000	40%
DCAL	200,501	22%	225,500	23%	413,000	41%	463,000	45%
ILBF	100,000	11%	100,879	10%	100,466	10%	44,500	4%
UKFC	33,331	4%	47,000	5%	44,500	4%	2,090	0%
Lottery	39,611	4%	40,000	4%	10,938	1%	100,000	10%
Other	1,503	0%		0%		0%		
	922,365		993,379		1,018,904		1,019,590	

ILBF	2010-11	2011-12	20012-13	20013-14	2009-10
	£	£	£	£	£
Project awards	2,485,000	2,485,000	2,485,000	2,485,000	2,485,000
Training					
Training salaries	126,000	126,000	126,000	126,000	126,339
Training courses	52,600	52,600	52,600	52,600	50,863
NVTV	47,000	47,000	47,000	47,000	46,917
MA	6,900	6,900	6,900	6,900	6,840
Skills development bursary	12,500	12,500	12,500	12,500	12,464
Trainee expenses	5,000	5,000	5,000	5,000	6,577
Total	250,000	250,000	250,000	250,000	250,000
Salaries	81,239	81,239	82,051	82,872	78,333
Expenses	5,000	5,000	5,000	5,000	5,141
Marketing	30,000	30,000	30,000	30,000	27,228
Legal & professional fees	38,761	38,761	37,949	37,128	44,298
Total overheads	73,761	73,761	72,949	72,128	76,667
Total	2,890,000	2,890,000	2,890,000	2,890,000	2,890,000
contribution to overheads	100,000	100,000	100,000	100,000	100,000
contribution to Marketing	10,000	10,000	10,000	10,000	10,000
ILBF Funding	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000

Education	2010-11	2011-12	2012-13	2013-14	2009-10
	£	£	£	£	£
EPWG working group	1,000	1,000	1,000	1,000	1000
A Wider Literacy	1,500	1,500	1,500	1,500	1500
Teacher CPD	1,000	1,000	1,000	1,000	1000
Best practice	1,000	1,000	1,000	1,000	1000
Teacher CPD	10,500	10,500	10,500	10,500	10500
Total	15,000	15,000	15,000	15,000	15000
Archive development	39,500	39,500	39,500	39,500	42,781
Total	39,500	39,500	39,500	39,500	42,781

Third Party Organisations	2010-11	2011-12	2012-13	2013-14	2009-10
	£	£	£	£	£
Cinemagic	50,000	50,000	50,000	50,000	50,000
Nerve Centre	110,000	110,000	110,000	110,000	110,000
QFT	81,000	81,000	81,000	81,000	81,000
BFF	54,000	54,000	54,000	54,000	54,000
Northern Visions	105,000	105,000	105,000	105,000	105,000
Cinemobile	10,000	10,000	10,000	10,000	10,000
UKFC funding reduced	0	-102,500	-102,500	-102,500	
Total	410,000	307,500	307,500	307,500	410,000
Creative Learning Centres					£
Amma Centre	93,750	93,750	93,750	93,750	103,750
Studio On	245,923	245,923	245,192	244,445	237,500
Nerve Centre	133,750	133,750	133,750	133,750	138,750
M McC-L	36,577	36,577	37,308	38,055	30,000
MI Trainer Amma Centre	33,000	33,000	33,000	33,000	33000
Creativity Mobile Unit NEELB	12,000	12,000	12,000	12,000	12000
Total	555,000	555,000	555,000	555,000	555,000
Film Clubs	80,000	80,000	80,000	80,000	80,000

Development Activity 2009/10	2010-11	2011-12	2012-13	2013-14	2009-10
	£	£	£	£	£
Development Executive & Other costs	15,500	0	0	0	15500
Development Seminars	15,000	0	0	0	10500
Other Dev costs	7,000	0	0	0	7000
Practical Skills & Development for film makers	20,000	0	0	0	20000
Short films	0	0	0	0	40000
Total	57,500	0	0	0	93000
Other training schemes (UTV)	0	0	0	0	11500
					104500

Overheads	2010-11	2011-12	1% inflation 2012-13	1% inflation 2013-14	2009-10
	£	£	£	£	£
Postage & Courier	7,500	7,500	7,575	7,651	7,500
Photocopier	7,700	7,700	7,777	7,855	7,680
Stationery	7,000	7,000	7,070	7,141	7,000
Telephone	7,500	7,500	7,575	7,651	7,500
IT costs	10,000	10,000	10,100	10,201	10,000
Sundries	4,400	4,400	4,444	4,488	4,500
Recruitment	7,287	7,287	7,360	7,433	15,000
Professional	26,000	30,631	25,113	23,200	30,000
Subscriptions	3,000	3,000	3,030	3,060	3,000
Bank Fees	3,000	3,000	3,030	3,060	3,000
TOTAL	83,387	88,018	83,074	81,740	95,180
	£	£	£	£	£
Premises					
Rent & Rates	68,182	68,182	68,863	69,552	72,911
Parking	8,280	8,280	8,363	8,446	8,280
Electricity/Heat	4,560	4,560	4,606	4,652	4,560
Cleaning	7,800	7,800	7,878	7,957	7,800
Insurance(travel, collier, PH)	7,478	7,478	7,553	7,628	7,478
Maintenance incl doc archive	3,600	3,600	3,636	3,672	3,600
TOTAL	99,900	99,900	100,899	101,908	104,629
	£	£	£	£	£
TRAVEL & Expenses					
CEO	5,000	5,000	5,050	3,101	8,400
Education - BMCC	2,000	2,000	2,020	2,040	1,800
Production - AR	10,000	10,000	10,100	8,665	9,996
Finance & Operations	2,000	2,000	2,020	2,040	2,004
Marketing	8,000	8,000	8,080	8,161	7,020
Funding	3,000	3,000	3,030	3,060	2,520
Other	3,500	3,500	3,535	3,570	3,600
Staff Training (approx 1% salary cost)	7,800	7,800	7,878	7,957	11,000
Board Expenses	3,000	3,000	3,030	3,060	1,800
Chair, Vice Chair fees & expenses	15,900	15,900	16,059	16,220	23,004
TOTAL	60,200	60,200	60,802	57,874	71,144
	£	£	£	£	£
Total	243,487	248,118	244,775	241,522	270,953

Appendix B

Fixed Asset Requirements 2010-2014	
	£
17 PCs / Laptops	9,800
2 TFT Screens	200
4 years Filemaker upgrade	2,200
7x Windows 7 Upgrade	280
25 x Office 2007	1,195
6 x Apple MacBook for Education Workshops	6,000
1 x iMac for video editing / DVD copying	1,500
	21,175
Fixtures and fittings replacement	5,000
Office & TV equipment	5,000
Total fixed asset additions	31,175

Appendix C

Finance and Audit Committee - Profiles

Peter Quinn BA Hons, MBA

Peter Quinn became a member of the Institute of Chartered Accountants in 1967. He has served on the Board since 2004, as Chair of the ILBF Investment Committee from 2004-2007 and then as Chair of the Finance and Audit Committee from 2007. Peter is a Fermanagh-based businessman and consultant, a Director of the Quinn Group and has over 40 years business experience. Peter is a former President of the GAA and is currently Chairman of the Board of TG4.

Mairéad Regan

Mairéad has worked in various human resources positions including CAPITA Management Consultants and LEDU before her current role as Group Human Resources Director, UTV Media plc. She has served on the Board of Northern Ireland Screen since 2004 and has been a member of the Finance and Audit Committee since 2005. She is a member of the Skillset Council and Skillset's Northern Ireland National Advisory Board. Mairéad is also a Trust Member of the Grand Opera House, Belfast.

Anne Cormican

Anne has served on the Board of Northern Ireland Screen and has been a member of the Finance and Audit Committee since 2008. She joined the BBC as a graduate engineer before moving on to gain experience in both operational and managerial roles in the film and television sector. She worked closely with BBC producers and independent production companies.