

Senedd Cymru / Welsh Parliament

Pwyllgor Diwylliant, y Gymraeg a Chyfathrebu / Culture, Welsh Language and Communications Committee

Ymchwiliad i'r achosion o COVID-19 ac effaith y feirws ar ddiwylliant, y diwydiannau creadigol, treftadaeth, cyfathrebu a chwaraeon / Inquiry into the COVID-19 outbreak and its impact on culture, creative industries, heritage, communications and sport

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Ymateb gan Canolfan Ffilm Cymru / Response from Film Hub Wales



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## ***The Culture, Welsh Language and Communications Committee inquiry into the Covid-19 outbreak in Wales***

### **Film Hub Wales**

**1<sup>st</sup> July 2020**

#### **1. What has been the immediate impact of Covid-19 on the sector?**

The pandemic has had a catastrophic impact on the 300+ cinemas, film festivals and community sites operating in Wales ([see breakdown of sites on our map](#)), with income ceasing overnight, outstanding invoices to be paid and ticket sales to be refunded. Some festivals had to cancel in the midst of delivery, or days beforehand, potentially leading to the permanent collapse of their organisations. The impact is thought to incur an estimated loss of £5.7m per day for cinemas across the UK.

While some cinemas have limited or restricted reserves, others operate on little to none, with all profits going back into the delivery of community activity. Fixed costs continue to diminish any reserves available during closure. Some were also affected by the adverse weather in winter 2019, with little time to recover before the pandemic hit. Many have to retain a set amount in line with charity commission guidelines, in order to avoid redundancies or permanent closure.

In addition, many freelance staff and senior team members have not been eligible for furlough and limited or no commissioning opportunities have been available to bridge this gap.

Most sites act as lifelines for isolated communities. Cinemas such as the Magic Lantern in Tywyn have even scheduled deliveries of essential supplies to vulnerable audience members. Following a prolonged period of lockdown and isolation, audiences may be particularly vulnerable and the only cultural offerings in their area are at real threat of closure.

Government intervention is needed to counter these risks and ensure the screen industries can play a role in the UK's social, cultural and economic recovery.

#### **2. How effectively has the support provided by the Welsh Government, the UK Government and arms-length bodies addressed the sector's needs?**

A huge amount of work is underway across the sector. A Screen Sector Taskforce, coordinated by the BFI, is a group of the UK's leading film, TV and moving image bodies and organisations working together to identify challenges and develop policy recommendations for Government in response to the COVID-19 crisis. It currently operates through five sub-groups focusing on different aspects of the screen sector value chain, which are chaired by leading bodies in this area – distribution and exhibition (chaired by UKCA and FDA) inward investment (British Film Commission), independent film production (BFI), TV production and

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broadcasting (Pact), and video games (Ukie).

The taskforce has developed a set of six interlinked policy interventions with input from the devolved administrations. These work together to secure the recovery and future growth of

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the UK screen industries as a single package of measures designed to help right across the sector:

1. Health and safety guidance for returning to work, including for production, cinemas and post- production,
2. A guarantee fund to provide crucial production insurance,
3. Time-limited uplifts to the creative sector tax reliefs,
4. A quarantine exemption for key cast and crew travelling to the UK,
5. A new Global Screen Fund that replaces EU funding to secure worldwide exports,
6. Financial support for the distribution and exhibition sector as they reopen.

Please see BFI response for a full breakdown of the policy interventions.

With regards to exhibition, as a devolved issue, the situation is in development. The UKCA's cinema safety protocols were released in England, with an opening date for cinemas from July 4<sup>th</sup>. Guidance will follow in Wales. It is essential that support is available to make their implementation viable, from purchase of essential PPE, to training costs and a relief package to mitigate the loss of box office income incurred by closure and then social distancing. Detail on intervention needed has been submitted to DCMS by the BFI. This will dovetail with DCMS' work on broader resilience across the cultural industries.

Additional measures and guidelines will be needed to support black and ethnic minority audiences who have been identified as a greater risk of the virus. Recommendations from the government on what communities can do to safeguard themselves are essential.

Thanks to National Lottery funding via BFI FAN, Film Hub Wales were able to offer [emergency funds](#) totalling £100,000 to 16 Welsh independent cinemas and film festivals that were severely impacted by Covid-19 as part of a UK Resilience Fund. These funds will only enable a small number of organisations to keep the lights on, with the real cost of Covid-19 taking effect in the months to come. To give context, we have at least 70 mixed arts centres or full time independent cinemas in Wales and we have only been able to support a fraction of these with immediate closure.

Some exhibitors have also received funds from the Creative Wales emergency fund, the Arts Council of Wales and UK Government via local authorities. Ffilm Cymru Wales have also opened a call for applicants.

The real threat however, is still to come at the point of reopening.

**3. A) What will the likely long-term impacts of Covid-19 be on the sector, and what support is needed to deal with those?**

**B) How might the sector evolve after Covid-19, and how can the Welsh Government support such innovation to deal with future challenges?**

While some larger sites move towards socially distanced reopening in July, many smaller sites will simply be unable to do so, putting the entire UK exhibition sector at severe risk, alongside the production and distribution supply chain.

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A survey from the Independent Cinema Office exploring the impact of the COVID-19 pandemic on the exhibition industry interviewed 497 respondents across a wide range of venues. Research suggested a major decline in audience demand due to anxiety around enclosed spaces. Cinemas foresee a 50% loss of seating capacity and associated income

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(potentially much higher depending on the level of social distance required), along with 20-30% increase in operating costs. Most venues felt that they would only survive a maximum of 3 months with these measures in place.

We would see cuts to community services with loss of spaces to meet, work, or exercise and the numerous other functions offered by multi-purposes spaces. It will also have a huge economic impact on historic buildings if they are unable to be properly maintained. Culturally significant spaces like the Monmouth Savoy, which sits on the oldest known theatre site in Wales require careful upkeep. All cinemas require regular maintenance to projection and technical facilities.

Many are having to reimagine their business models with reduced staff and find ways to deliver work digitally, which will require new skills and training. Some sites are exploring drive in models but as a long term solution these offers would require significant financial investment and safety measures. In addition many film release dates have already been pushed back, some to next year, which means there may well be a supply issue.

Cinemas will be amongst some of the last to reopen as the pandemic eases. There is an expectation to reduce furlough and cover costs of staffing, while unable to generate any income. This will be extremely challenging and organisations will see significant staff losses unless further interventions are made.

## Resources

- [FHW award £100,000 emergency funding to Welsh cinemas in critical need during Covid-19,](#)
- [BFI Fan Covid-19 Resilience Fund: Emergency funding to help independent exhibitors survive ongoing venue shutdown](#)
- Film Distributors Association and Cinema First Study – coming soon. [Top line article on Variety,](#)
- *Indigo - [After the interval National audience survey](#) which captured audience views on returning to the arts and missing events during lockdown,*
- ICO – [Reopening Cinemas the Independent Way](#) survey of UK independent cinemas, film festivals and community venues to create a picture of the sectors' views on proposals for reopening cinemas,
- [Screen Sector taskforce](#) coordinated by the BFI and leading UK film and TV Bodies,
- We are Parable (The Bigger Picture): [Why we need to talk about Black audiences returning to cinemas,](#)
- The Bigger Picture: [COVID-19: Should UK cinemas re-open for business in July?](#)
- [UK Cinema Association publishes safeguarding guidelines for drive-in cinemas,](#)
- Independent Cinema Office: [Drive-in cinemas in post-lockdown UK.](#)