

OPENING DOORS

PHASE 2
2018-22

A Strategy to Transform the
Screen Industries in Northern Ireland

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1. CHAIRPERSON'S INTRODUCTION

Four years ago, Northern Ireland Screen embarked on Phase 1 of Opening Doors, a 10 year strategy designed to take the screen industry in Northern Ireland to a strength and standing second only to London within the UK and Ireland. That remains an ambitious vision but the success achieved in Phase 1 indicates it is an achievable one¹.

We finish Phase 1 of Opening Doors with our targets independently confirmed as met, our interventions assessed as value for money and the £250 million direct spend target exceeded.

The screen industry in Northern Ireland is a high-profile success story. It is also a publicly led and funded success story.

We embark on Phase 2 with an ever-broadening platform of success, not only associated with *Game of Thrones*, which has attracted more EMMYS than any other production, but with audience favourite *Line of Duty*², and with numerous BAFTA nominations and BAFTA awards for both *Boogaloo & Graham* – which was also Oscar nominated – and for the growing children's production company Sixteen South³.

Our infrastructure is also greatly improved for Phase 2, with the introduction of Belfast Harbour Studios, the biggest purpose built studio complex to be developed in the UK or Ireland in recent times. I am delighted that Warner Horizon has already taken up residence at Belfast Harbour Studios to produce *Krypton* for the SyFy Channel. This infrastructure is key to our ambition to be the second strongest hub in the UK and Ireland.

A key strategic partnership ambition of Phase 1 was to negotiate a partnership with the BBC that delivered a stronger, more strategic engagement from the BBC on the development of the screen industry in Northern Ireland. That unique partnership has now been in place for over 2 years and strengthens most of the sectors we support but particularly television drama, animation and factual/entertainment.

We have made as much progress as we could have hoped for during Phase 1, but there is much more to do to fulfil our ambition.

In Phase 1, we called our strategy Opening Doors because it was about creating opportunity. That overarching theme remains but, for Phase 2, the focus must be on two points which are to:

- Ensure that we retain appropriate targeted support for each of our priority screen sectors; and
- Strengthen the pathways into and through the screen industries for those with the potential skills and drive to succeed in this exciting industry.

Phase 2 2018–2022 of the Economic Strategy is outlined in this document.

¹ Across 2 years 15–17, Northern Ireland attracted 15% of both the High End Television production and animation in the UK as benchmarked against HMRC figures for 15/16.

² Nominated alongside *Game of Thrones* for BAFTA's television moment of the year.

³ Sixteen South won Best Independent Company at the BAFTA Children's Awards 2016.



2. EXECUTIVE SUMMARY

Opening Doors: A Strategy to Transform the Screen Industries in Northern Ireland has at its core an economic vision to make Northern Ireland the strongest screen industry outside of London/South East England in the UK and Ireland within 10 years⁴. There are interconnected cultural and educational ambitions.

Phase 1 Opening Doors 2014-18 has been extremely successful. Northern Ireland Screen's target to capture £250 million direct Northern Ireland expenditure from supported production worth over £500 million will be achieved. Central to the strategy, the economic activity is spread across 6 screen sectors - Large-Scale Production, Animation, Television Drama, Factual/Entertainment, Independent Film and Interactive⁵.

An independent interim evaluation delivered in June 2017 found that local expenditure associated with the screen industry had more than doubled from £128 million for the 4 years 2010-14 to £143 million for the 2 years 2014-16. The evaluation confirmed Value for Money 'VFM' and indicated very strong levels of customer satisfaction.

The evaluation measured Additionality as extremely high at 86% and emphasised strongly that '*Without the support minimal activity would be happening in NI*'. The evaluation also emphasised the Wider and Regional Benefits associated with growing the screen industry alongside the Monetary Benefits.

While spend is the Key Performance Indicator for Northern Ireland Screen, the quality of infrastructure and the level of critical acclaim are equally important indicators as to the strength of the screen industry.

Infrastructure has been greatly strengthened during Phase 1 with the development of Belfast Harbour Studios, the biggest purpose-built studio complex to be developed in the UK or Ireland in recent times already occupied by Warner Horizon's large-scale television drama *Krypton* for the Syfy Channel. The combination of Belfast Harbour Studio and Titanic Studios provides Northern Ireland with a world class film studio offering, with capacity for the largest film and TV drama projects.

Northern Ireland's critical success is anchored in Large-Scale by *Game of Thrones*' record 38 EMMYs, but within Television Drama, *Line of Duty* and *The Fall* have attracted considerable attention; in animation Sixteen South won BAFTA Kids Company of the Year 2016, and new talent in Independent Film has attracted Oscar nominations, a BAFTA, an IFTA, a BIFA and premieres at Sundance, Toronto and Tribeca Film Festivals⁶.

And in softer infrastructure, the industry is greatly strengthened by Northern Ireland Screen's unique and broad partnership with the BBC⁷ which, particularly, underpins the Television Drama, Animation and Factual/Entertainment sectors.

Phase 2 Opening Doors retains the vision and sector focused structure of Phase 1 and seeks to build on the success of Phase 1. Both the independent evaluation and Northern Ireland Screen's own extensive consultation recommended this approach.

⁴ Using HMRC data we can see that Northern Ireland secured 15% of spend associated with both High End Television Drama and Animation in the 2 years 2014-16.

⁵ Interactive was called Gaming, Mobile, E-Learning & Web Content at the outset of Phase 1.

⁶ See Performance in Independent Film on page 37.

⁷ <http://www.northernirelandscreen.co.uk/wp-content/uploads/2017/04/ni-screen-bbc-partnership-agreement.pdf>

However, there will be some refinements of approach in Phase 2 as follows:

- As a progression, both skills and marketing support will be more clearly channelled through the 6 sectors rather than treated more generally.
- We will work hard at strengthening the pathways into and through the screen industries for those with the potential skills and drive to succeed in these exciting industries; and,
- We will restructure our support for Interactive to offer the sector greater visibility, provide earlier guidance and support, and, in response to the nature of the global market.

The global market for screen content has never been more buoyant and the UK remains one of a small number of truly standout screen industry hotspots presenting a positive context for Northern Ireland to compete.

However, competition for globally mobile projects remains extremely fierce everywhere from near neighbour Republic of Ireland with a tax incentive of 32% of spend against the UK's 25% to the 40% rebate offered to large-scale production in certain circumstances in Australia⁸.

How to engage with that global market differs across the screen sectors; for example, attracting large-scale production is about the cost base and developing the supply chain and infrastructure, while this approach will not work for Interactive or Animation where the global market wishes to engage, and possibly eventually purchase, highly functioning teams or companies. Developing the right approach for each of the 6 Sectors⁹ supported is the key element of Phase 2 of Opening Doors.

Opening Doors contributes significantly to 8 of the 12 Programme for Government Outcomes and 4 of the 5 Pillars of the Industrial Strategy.

The emphasis in the Programme for Government on a strong competitive regionally balanced economy with better jobs and a creative, outward-looking society where children and young people have the best start in life is echoed strongly in Northern Ireland Screen's Vision Statement with its interconnected economic, cultural and educational ambitions.

Phase 2 of Opening Doors will deliver a minimum of £300 million in direct Northern Ireland spend, a 20% increase on Phase 1. The stretch in this target is substantially increased by the fact that Northern Ireland Screen must replace *Game of Thrones* at the outset of Phase 2¹⁰. We will also target reaching 20% of UK production in High End Television Drama and Animation, up from the 15% in Phase 1.

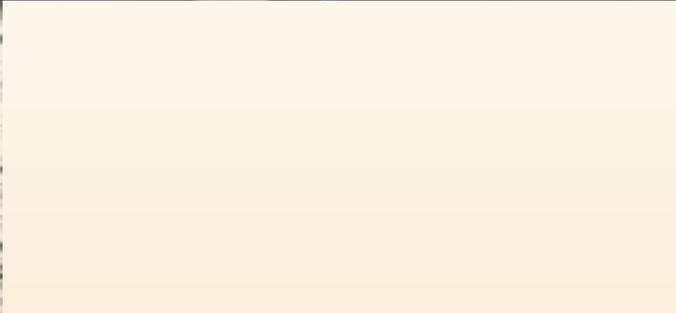
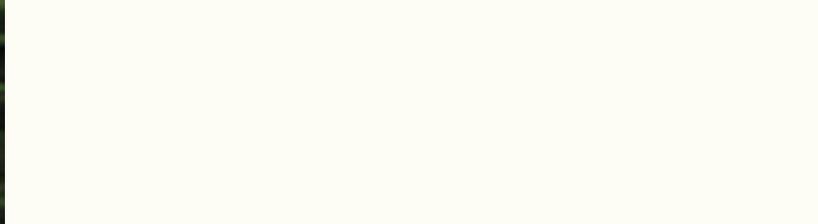
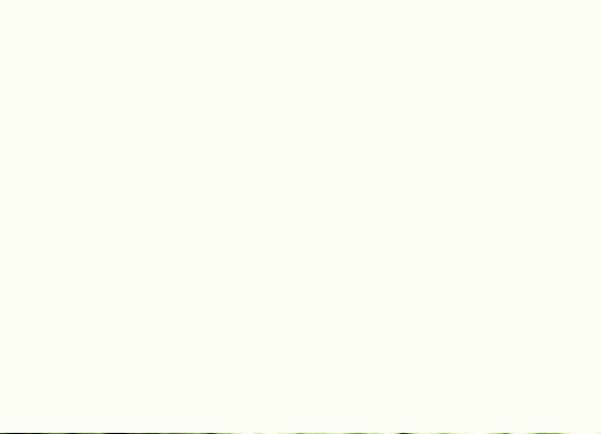
Phase 2 will also deliver a deepening and strengthening of each of the Sectors through an even stronger focus on skills and talent development. We will deliver a concerted effort to link the education and skills activities undertaken by schools, colleges and universities with the needs of the Sectors and create the visible bridges and pathways where necessary. For example, the Aim High modern apprenticeship scheme, the placing of Ulster University's animation students and the Film, Animation and Fact/Ent Academies that will be delivered by the Creative Learning Centres and Into Film.

This strategy will deliver the stated direct Monetary Benefits but also a portfolio of Wider Benefits particularly in relation to the international Brand Index, Respect Index and Better Jobs Index.

⁸ See Olsberg SPI's Global Incentives Index 2017: <http://www.o-spi.co.uk/wp-content/uploads/2017/06/Global-Incentives-Index-2017-Charts.pdf>

⁹ Large-Scale Production, Animation, Television Drama, Independent Film, Interactive and Factual/Entertainment and two sub sectors Feature Documentaries and Children's TV Drama.

¹⁰ Having run to 8 seasons, *Game of Thrones* has reached its end. The series will account for 45-50% of the value of the screen industry during Phase 1.



3. VISION STATEMENT¹¹

ECONOMIC

Make Northern Ireland the strongest screen industry outside of London in the UK and Ireland.

CULTURAL

Ensure the industry supports vibrant and diverse cultural voices that will be recognised and celebrated equally at home and abroad.

EDUCATIONAL

Mainstream across Northern Ireland the most successful screen and digital technologies education provision in Europe.

MISSION

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

VALUES

- Act as a champion for the screen industries in Northern Ireland.
- Deliver an integrated strategy tying together economic, cultural and educational objectives.
- Prioritise interventions that deliver the widest reach and contribute positively to social inclusion, diversity and equality.
- Embrace all screen product.
- Be customer-facing and build on previous success.

¹¹ Vision Statement, Mission and Values remain unchanged excepting the introduction of diversity and equality to the 3rd value.

4. PERFORMANCE: INDEPENDENT EVALUATION

By Oxford Economics and MorrowGilchrist, June 17

■ Expenditure more than doubled between 2010 and 2016

NI EXPENDITURE 10–14	NI EXPENDITURE 14–16
£128 million	£143 million

■ Additionality

Intervention	Deadweight	Additionality
NI Screen Fund	13.15%	86.85%
Skills Development Fund	13.73%	86.27%

"Without the support minimal activity would be happening in NI"

■ Targets largely met/exceeded

SMART Outcome Objective	Performance at Interim Point	Commentary/Conclusion
Gross GVA £125.8m by March 2018	£66m after 2 years ¹²	Fully on track at interim point. 'A very strong performance'
Large-Scale £1:£9.14	£14.55	Exceeded
Animation £1:£3.40	£3.90	Exceeded
TV Drama £1:£3.30	£5.80	Exceeded
Indie Film £1:£2.15	£2.04	Trailing
Fact/Ent £1:£4.40	£3.98	Trailing
Interactive £1:£2.65	£1:£3.0	Exceeded

"Channelled ... towards the ten year vision"

■ VFM achieved

'The rationale for Government intervention is now multi-faceted, reflecting economic, educational, cultural and social inclusion/equality objectives.'

■ Customer Facing

"Satisfaction levels generally very high"

"An exemplary level of pro-active support"

¹² Using original measurement framework. Oxford Economics propose adjusted framework.

4. PERFORMANCE: PREVIOUS EVALUATIONS AND APPRAISALS

The recent evaluation carried out by Oxford Economics Morrow Gilchrist is consistent with all previous evaluations and appraisals of Northern Ireland Screen's economic activity

	Value for Money	Additionality and/or Deadweight	Monetary Outputs/ GVA	Consultations on NI Screen service
<i>The Most Powerful Industry in the World 2003-07: Evaluation by Deloitte</i>	'The return on investment of the NIFTC's strategy 2003-2006 has provided value for money and represented a good use of public funds.'	'Expenditure across all funds has been either wholly or partially additional.'	Leveraged a direct spend in Northern Ireland of £14.3m by 31 March 07. GVA impact of £14.4m, plus £7.4m of indirect and induced GVA impacts.	Consultees 'have provided very positive feedback regarding the quality of services provided'.
<i>Building On Success 2007-10: Interim Evaluation KPMG and Oxford Economics, March 2009</i>	'Overall, it is concluded that the NISF continues to provide good Value for Money in the expenditure of public funds.'	'Consultations would indicate that in eight out of ten cases the support is fully additional and in two out of ten cases is partially additional.'	'The NISF has performed very strongly generating £20m of direct spend in the NI economy for an investment of £4.8m, which is a considerable achievement.'	'It was felt that they lobby very hard for the sector and continually strive to represent and promote NI internationally.'
<i>Building On Success: Final Evaluation 2012 by Cogent, August 2012</i>	'Northern Ireland Screen's Invest NI funded support interventions have represented value for money during the period 2007-2010.'	Average NI Screen deadweight of 16% and deadweight on main Screen Fund extremely low at 2.94%.	£54.7m returned at a ratio of £5.08 to £1 committed. Gross GVA of £32.2m and £29.5m net additional GVA.	'A high level of overall satisfaction has been expressed by companies/ individuals in receipt of support by Northern Ireland Screen.'
<i>Driving Global Growth: Interim Evaluation by Cogent, August 2012</i>	The considerable monetary benefits (both in GVA and employment terms) deriving from the production activity supported by Northern Ireland Screen provided Value For Money in respect of the support provided by Invest NI.	Cogent assessed the Northern Ireland Screen Fund as having very high additionality in comparison to appropriate benchmarks and very low deadweight in comparison to similar benchmarks.	The Northern Ireland Screen Fund was assessed by Cogent as having a gross GVA of £3.29 and a net additional GVA of £2.66 for every £1.	Cogent found that 98% of the companies and individuals supported by Northern Ireland Screen expressed a high level of satisfaction with Northern Ireland Screen's application process.
<i>Driving Global Growth Final & Interim Opening Doors by Oxford Economics, June 2017</i>	'It is the conclusion of the evaluation team that VFM was achieved'.	'The analysis suggests that the vast majority of the activity (86.85% for NISF and 86.27% for SDF) that was undertaken would not have been taken forward in the absence of receiving support from Northern Ireland Screen'.	'Grants have consistently achieved very high levels of leverage in terms of NI expenditure' 'At an overall level for 6 years 2010-16 of 1:7.4 (£36.6m/£271m).	The feedback from production companies interviewed to March 2016 indicates that the organisation provides an exemplary level of pro-active support and constructive advice.

4. PERFORMANCE: RESPONSE TO EVALUATION RECOMMENDATIONS

Oxford Economics Evaluation	Recommendation	Northern Ireland Screen Response
Investment Levels	1. In a future strategy, the overall size of the level of NISF and the level of investment on offer to potential projects must be there at the same scale as per ODS (at minimum). This relates to both production and development awards.	<ul style="list-style-type: none"> ■ Accepted. ■ Phase 2 developed at similar level of funding.
Expenditure Ratios	<p>2. In a future strategy, there should be no further increase in the required ratios for NI expenditure across all genres.</p> <p>3. Consideration should be given as to whether there can be more flexibility around some of the stipulated ratios, in instances where they are difficult to meet, through exploring if there are other ways that companies could add to their 'qualifying NI expenditure credit' (per adjacent examples).</p>	<ul style="list-style-type: none"> ■ Generally accepted. Ratios will remain broadly similar during Phase 2. ■ While we need to be cautious about flexibility around ratios, we have introduced lower ratios in areas where we deem appropriate/necessary, and we have introduced a key talent test that can lower the ratio where the project delivers this key skills need.
Wider and Regional Benefits Premium	4. Consideration could be given to facilitating an additional premium within the NISF production awards for projects that will facilitate other wider and regional benefits for 'NI Plc' informed by the positive experience of the New Zealand Production Grant in this regard.	<ul style="list-style-type: none"> ■ We welcome this suggestion and will explore it at Options Stage. We see this as particularly relevant to projects that could have a significant tourism benefit/spin-off. An additional £2 million fund might be appropriate.
Interactive	<p>5. For the interactive genre, a more phased approach to recoupment on NISF awards should be introduced.</p> <p>6. In a future strategy, there should be either extensions of existing support services or development of pooled resources/access to a call off panel of skilled practitioners around marketing, investment readiness support and business planning support for the interactive genre.</p>	<ul style="list-style-type: none"> ■ Accepted and will implement. ■ The Interactive strategy for Phase 2 introduces a range of further support mechanisms through the hub approach.
Skills Development	7. Northern Ireland Screen should assess if there are any urgent skills gaps/issues that could be addressed quickly within the last year of ODS and seek to develop a more comprehensive skills strategy/portfolio of interventions to underpin the vision/ambition within the next strategy period.	<ul style="list-style-type: none"> ■ Accepted and implemented in 17/18 with Stepping Up Programme and built into Phase 2 strategy.

PERFORMANCE: RESPONSE TO EVALUATION RECOMMENDATIONS CONT.

Oxford Economics Evaluation	Recommendation	Northern Ireland Screen Response
<p>Access to infrastructure/ supporting facilities (TV Drama)</p>	<p>8. DfE/Invest NI (supported by Northern Ireland Screen) should promote business opportunities where there are gaps in relevant infrastructure support areas as cited through industry/business bodies and related networks.</p> <p>9. DfE/Invest NI (supported by Northern Ireland Screen) should promote the need/opportunities that exist for props and costume support on period drama productions to the NI craft sector (e.g. Craft NI).</p>	<ul style="list-style-type: none"> ■ Northern Ireland Screen already undertakes this function; for example, the development of Belfast Harbour Studios & the growth in post-production. ■ We would be reluctant to action this recommendation which is very specific to a particular period drama production.
<p>Revision/Simplification of KPIs/Targets</p>	<p>10. A reduction/simplification of the KPIs should be put in place for the final year of ODS (that follows through to the format of the annual report proformas).</p> <p>11. Invest NI should give consideration as to whether the corresponding target for each of the ODS economic KPIs (i.e. gross GVA/return on investment or BCR) should be scaled in line with the Oxford Economics model and related assumptions within this report.</p> <p>12. For the final year of ODS it is recommended that Northern Ireland Screen require NISF supported production companies to capture the recent employment status of NI resident cast and crew prior to their deployment on the NISF supported productions (and whether employed/self-employed within or outside of the screen sector).</p>	<ul style="list-style-type: none"> ■ Northern Ireland Screen welcomes this suggestion and will work with DfE to implement it. ■ For Invest NI and DfE to consider. ■ Rejected: this is impractical and would impact negatively on Northern Ireland Screen's 'user friendly' status. ■ Northern Ireland Screen will consider how else this information might be gathered.

4. PERFORMANCE: AWARDS

LARGE-SCALE PRODUCTION

Game of Thrones

38 Emmy awards – a world record

Ronan Hill – Outstanding Sound Mixing;

Pamela Smyth – Outstanding Makeup;

Carla Stronge – Outstanding Casting

TELEVISION DRAMA

The Fall

BAFTA nominations and IFTA wins

Jamie Dornan – Best Actor;

David Holmes – Best Original Score

Line of Duty

Royal Television Society Award – Best Drama Series

Three BAFTA nominations

Wipers Times

BAFTA nomination for Best Single Drama

INDEPENDENT FILM

The Survivalist

Stephen Fingleton – IFTA Rising Star Award; BIFA Debut

Director; BAFTA Outstanding Debut nomination

Boogaloo & Graham

BAFTA for Best Short Film; Oscar nomination

A Patch of Fog

John Cairns & Michael McCartney – BIFA Debut Writers nomination

'71

David Holmes – Ivor Novello Award for Best

Original Film Score

ANIMATION

Sixteen South

BAFTA Children's Award – Best Independent Company 2016

Lily's Driftwood Bay

Sixteen South – British Animation Award Broadcast Award

for Best Pre-School; Jeunesse International Award; BAFTA

Children's Award nomination

ANIMATION CONT.

Puffin Rock

Dog Ears – 2 Kidscreen Awards; Best New Series and

Best Animated Series

Roy

Jam Media – Irish Animation Award – Best Writer in

Animation Series; Kidscreen Award – Best Kids' Mixed Series

ULSTER-SCOTS/INTERACTIVE

Five Fables

Flickerpix – Celtic Media Festival Award for Best App;

Best Animation nomination

IRISH LANGUAGE/TV DRAMA

An Bronntanas

De Facto Films – 3 IFTA Film & Drama nominations

for Script, Actress in a Lead Role and Actress in a

Supporting Role

DOCUMENTARY

Searching for Mercury 13

Fine Point Films – The Cuban Hat Award at Hot Docs International Festival

Kids in Crisis

Erica Starling – RTS Award for Current Affairs

INTERACTIVE

Schrödinger's Cat and the Raiders of the Lost Quark

Italic Pig – a Develop Industry Excellence Award for

Narrative Design nomination

Her Majesty's Spiffing

BillyGoat were nominated for 2 Games Connection

Development Awards for Best Story and People's Choice

Dog Biscuit

Blackstaff Games nominated for a Develop Award New

Games IP (Mobile); Nominated for Kids BAFTA Interactive



4. PERFORMANCE: UK BENCHMARKING

	HMRC 15/16 Benchmark		Northern Ireland Annual Average 14–17			
Sector	No. of Projects	UK Spend £ mil	No. of Projects	% UK Total Projects	NI Spend £ mil	% UK Total
Animation	20	38	3	17%	6	15%
Film	210	1,000	8	4%	8	0.8%
High-End Television Drama	50	300	5	11%	44	15%
Video Games	65	42	2	3%	1	2%



4. PERFORMANCE: LARGE-SCALE PRODUCTION

4.1 Northern Ireland Screen will exceed the target set for Large-Scale Production within Opening Doors Strategy 2014-2018: Phase 1 (Phase 1).

- The target for the strategy period was £136 million and we are projecting over £154 million;
- The 10.8 Net Ratio KPI¹³ set by Cogent on behalf of Invest NI will also be exceeded – we project a ratio of 12.

4.2 As projected in Phase 1, Large-Scale delivered the highest monetary returns within the overall strategy.

Large-Scale Production					
Project	NISF (£GB)	Actual	Gross Ratio Actual/Estimated*	Net Ratio Act/Est*	KPI Net
GAME OF THRONES Season 5	1,600,000	26,288,266	16	15	
MORGAN	800,000	4,274,647	5	4	
GAME OF THRONES Season 6	1,300,000	32,287,703	25	24	
LOST CITY OF Z	1,200,000	5,211,202	4	3	
GAME OF THRONES Season 7	1,100,000	34,020,161	31	30	
GAME OF THRONES Season 8	1,100,000	30,000,000	27	26	
BRITVIC	480,633	480,633	1	0	
KRYPTON	2,400,000	19,802,269	8	7	
TOTAL	9,980,633	152,364,881	15	14	10.8

4.3 The economic return from Large-Scale Production might have been even greater but for the very considerable challenges associated with developing the appropriate studio infrastructure for Large-Scale Production. Attempts at the outset of the strategy period to steer the financing and development of new film studio infrastructure failed for a variety of predominantly financing reasons. However, this issue was resolved in April 2017 when Belfast Harbour Studios became available, facilitating the housing of Warner Horizon's *Krypton*. The development of Belfast Harbour Studios was a wholly at risk £20 million investment by the Belfast Harbour Commission.

4.4 Until Belfast Harbour Studios came on stream, Northern Ireland Screen was constrained in the projects it could pitch for; for example, projects of the scale of *Lost City of Z* and *Morgan*. These

¹³ This is the Net Ratio KPI assuming a studio is available.

projects were housed at Britvic, the make-do film studio we sought to keep available to the screen industry throughout the strategy period. The availability of Britvic was also critical to targeting projects for Belfast Harbour Studios (BHS), to house production activity ahead of BHS coming on stream.

- 4.5 *GoT* represents over 80% of the total Large-Scale Production return. Its scale and success remains almost unrivalled within High End Television Drama¹⁴ and it would be foolhardy to base the return from Large-Scale Production in Phase 2 on the return from *GoT*.
- 4.6 However, the return across the life cycle of *GoT* from 2010-18 does provide a useful template for both the potential sectoral economic return from BHS and, equally importantly, the level of subsidy required to support that economic activity. Averaged over the period, we can expect BHS to support £25 million of activity annually with an incentive requirement of £2 million per year.

¹⁴ Netflix's *The Crown* might rival *GoT*'s scale and budget but little else does.



ECONOMIC IMPACTS

Year	Project	Production funding from Northern Ireland Screen	Expenditure on goods & services into Northern Ireland economy
2010–11	<i>GAME OF THRONES pilot & series 1</i>	£3.2 million	£21.2 million
2011–12	<i>GAME OF THRONES series 2</i>	£2.85 million	£21.8 million
2012–13	<i>GAME OF THRONES series 3</i>	£3.2 million	£22.5 million
2013–14	<i>GAME OF THRONES series 4</i>	£1.6 million	£23.2 million
2014–15	<i>GAME OF THRONES series 5</i>	£1.6 million	£26.3 million
2015–16	<i>GAME OF THRONES series 6</i>	£1.3 million	£31 million
2016–17	<i>GAME OF THRONES series 7</i>	£1.1 million	£34 million
2017–18	<i>GAME OF THRONES series 8</i>	£1.1 million	£30 million
TOTALS		£15.95 million	£210 million

- 4.7** As indicated in Phase 1, we reduced the annual award to *GoT* from £1.6 million to £1.1 million for the final 2 seasons. Over the course of *GoT*, this saved £1.3 million¹⁵. As with the scale of the return from *GoT*, it would be unrealistic to anticipate similar reductions in incentive. These reductions came in Seasons 6, 7 and 8 of the most successful show of all time. We cannot assume this sort of longevity or unprecedented success in future projects.
- 4.8** It is very clear that Warner Horizon and the producers of *Krypton* were influenced in their decision to locate in Northern Ireland by the success of *GoT*. This trend towards specialising in High End Television Drama as opposed to studio films is further strengthened by the parallel success that Northern Ireland has enjoyed within the Television Drama sectoral priority.
- 4.9** Across 14/16, Northern Ireland secured approximately 15% of the value associated with production supported by the UK High End Television Tax Credit. We regard this as a significant success and relevant to our vision to be second only to the South East of England as a screen industry in the UK and Ireland¹⁶.
- 4.10** Within Phase 1 we indicated an intention to pursue all-island pitches for Large-Scale Production and the intention to develop the scripts or intellectual property for Large-Scale Production projects in Northern Ireland. These ambitions have been pursued but they are yet to deliver results. Both ambitions will be carried forward as points of focus^{17/18}.

¹⁵ £1.6 million dropped to £1.3 million for Season 6 and £1.1 million for Seasons 7 and 8.

¹⁶ See page 14 for UK benchmarking. The addition of *Krypton* should increase the Northern Ireland percentage further.

¹⁷ All island structures have been very successful across other Sectoral Priorities; particularly, animation.

¹⁸ Brexit is an unknown factor that will impact on all island structures.

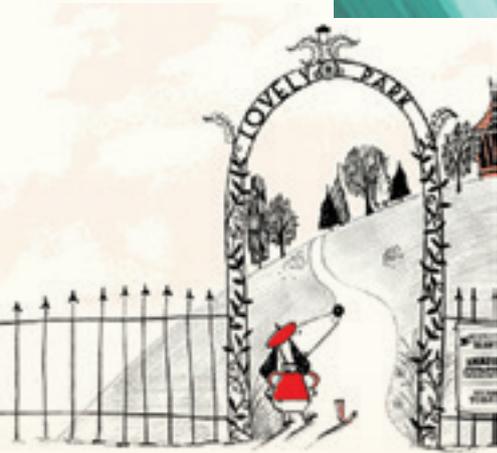
4. PERFORMANCE: ANIMATION

4.11 The animation sector has undergone the most significant transformation of all the sectoral priorities during the first phase of Opening Doors:

- The 3.4 Net Ratio KPI set by Cogent on behalf of Invest NI has been exceeded on average across the first 3 years of Opening Doors – the average is 4.5;
- As per the strategy commitment, Northern Ireland Screen successfully doubled its development and production investment in the animation sector;
- 4 animation companies have secured significant international projects including Paper Owl, a company new to the sector in this strategy period, and Sixteen South which was named BAFTA's Children's Production Company of the Year 2017;
- Benchmarked against HMRC figures, 15% of UK animation production occurred in Northern Ireland during 15-16 and 16-17.

Animation 2014-17					
Project	NISF (£)	Return (£)	Gross Ratio Actual/Estimated*	Net Ratio Act/Est*	KPI Net
<i>Zig And Zag</i>	125,994	125,994	4	3	
<i>Puffin Rock Series 2</i>	280,000	280,000	3	2	
<i>Driftwood Bay Series 2</i>	410,670	410,670	5*	4*	
<i>The Roy Files</i>	29,381	29,381	5	4	
<i>Little Roy</i>	490,000	490,000	5*	4*	
<i>Pablo</i>	500,000	500,000	5*	4*	
<i>Claude</i>	500,000	500,000	5*	4*	
<i>Zogcasts</i>	17,350	17,350	8*	7*	
<i>Pinkalicious</i>	500,000	500,000	8*	7*	
<i>Wildwoods</i>	300,000	300,000	6*	5*	
TOTAL	£3,153,395	£17,385,378	5.5	4.5	3.4

4.12 The animation sector will return over £17 million from the investment in the first 3 years of Phase 1, and is projected to deliver **between £22-23 million over the full 4 years**. While this is less than the £29 million set as an internal Northern Ireland Screen target for animation, it exceeds the £19.8 million set by Cogent as the KPI and is approaching 3-fold growth on the £8 million delivered by Animation between 2010-2014.



- 4.13 While the sector has sustained 8 to 1 gross ratios on 2 of the 10 projects supported during this phase, we do not regard this as an achievable average target. Competition for globally mobile projects remains too strong to sustain the 8 to 1 ratio as an average. For example, while the strong animation sector in the Republic of Ireland is useful to co-finance with and collaborate with, the discrepancy between the Republic of Ireland's 32% tax credit for screen content including animation creates an immediate 7% disadvantage against the UK's tax credit which is capped at 25%.
- 4.14 While unachievable as an average, 8 to 1 may remain achievable for service work production contracts **but** only if the incentive through the Northern Ireland Screen Fund is provided by way of grant – therefore competing with tax credit incentives – as opposed to the soft loan/equity model presently used.

Screen Fund Development Awards 2014-17				
Year	Company	Project	Awarded (£)	Direct Tangible Outcomes
2014-15	Sixteen South	<i>Claude, Wildwoods, Secret Seven</i>	49,761	2 series in production totalling £6.4m
2014-15	Paper Owl Films	<i>Pablo, Orbitals</i>	35,170	1 series in production £4.3m
2014-15	Flickerpix	<i>Cat And Dog</i>	13,675	
2014-15	Sixteen South	<i>Driftwood Bay Series 2</i>	89,330	Series in production £2.9m
2014-15	Sixteen South	<i>Slate</i>	43,075	
2015-16	Paper Owl Films	<i>Pablo</i>	39,175	Series commission - see above
2015-16	Flickerpix	<i>Slate</i>	50,000	
2015-16	King Rollo Films	<i>Slate</i>	15,000	
2015-16	RedRay Films	<i>Riona's Warriors, Curiouser & Curiouser</i>	20,000	Potential commission
2015-16	Encycle Studios	<i>Oroboro</i>	45,000	
2015-16	Sixteen South	<i>Pinkalicious & Peterrific - Pilot</i>	42,305	Series in prep £4.5m
2015-16	Dog Ears	<i>Slate</i>	42,500	
2015-16	Corrina Askin Films	<i>Slate</i>	15,000	
2016-17	Paper Owl Films	<i>Slate</i>	35,650	
2016-17	RedRay Films	<i>Riona's Warriors</i>	31,700	Potential commission
2016-17	JAM Media NI	<i>Slate</i>	50,000	
2016-17	ALT Animation	<i>Bob-A-Job</i>	15,000	
TOTAL			£632,341	

- 4.15 The development support of animation has been very successful with *Claude*, *Driftwood Bay Series 2*, *Wildwoods*, *Pinkalicious & Peterrific* and *Pablo* all in production having been supported at the development stage. We also expect *Riona's Warriors* and a second series of *Pablo* to go into production during 17-18.
- 4.16 As detailed in Phase 1, Northern Ireland Screen developed a Lottery Funded Animation Shorts Scheme. Delivered annually, this scheme has cost £190k over the first 3 years. This scheme, while no longer funded by the greatly reduced Lottery Fund, is critical to both developing and retaining talent in Northern Ireland. For example, without it, it is foreseeable that key talent would immediately be attracted to alternative opportunities in England through the National Film and Television School or in the Republic of Ireland through its similar Frameworks Scheme. In either instance, the talent may be lost to Northern Ireland forever.
- 4.17 Again as presented in Phase 1, Northern Ireland Screen has strongly supported Ulster University's animation course – both through assistance with the critical placement year and through support of first jobs for graduating animators. This has been successful and should be continued. However, a mismatch between the primarily 3D skills taught on the animation course and the greater demand for 2D skills within the sector at this time is something we need to address.



4. PERFORMANCE: TV DRAMA (INCLUDING CHILDREN'S DRAMA)

4.18 Northern Ireland Screen has greatly exceeded the target set for TV Drama within Phase 1:

- The £38.4 million spend target for the strategy period has already been exceeded with a spend of just under £44 million for the first 3 years of the strategy¹⁹;
- The 3.3 Net Ratio KPI set by Cogent on behalf of Invest NI will also be exceeded – the ratio for the first 3 years is 6.4²⁰;
- The television drama has also been of the highest quality. *The Secret*, *The Fall* and, particularly, *Line of Duty* have attracted considerable critical acclaim and very high audiences.

4.19 As anticipated in Phase 1, BBC commissioned television drama anchored this sectoral priority. The BBC/Northern Ireland Screen Partnership Agreement hoped for in the strategy materialised and made a positive impact on the steady flow of television drama and the ratios associated with the television drama.

Network Drama Projects supported under the BBC/Northern Ireland Screen Partnership 2015-17				
Project	Company	NI Screen (£)	BBC (£)	Levered (£)
<i>Line Of Duty 3</i>	World Productions (Northern Ireland) Ltd	300,000	4,423,313	1,700,000
<i>Line Of Duty 4</i>	World Productions (Northern Ireland) Ltd	300,000	4,320,000	1,920,000
<i>The Fall Series 3</i>	The Fall 3 Ltd	250,000	3,700,000	2,113,018
<i>My Mother and Other Strangers</i>	BBC Grafton House Productions Ltd	600,000	4,228,529	2,155,637
<i>The Woman In White</i>	Origin Pictures Ltd	400,000	4,250,000	2,430,010
<i>Paula</i>	BBC Grafton House Productions Ltd	300,000	2,757,716	1,469,586
<i>Making Dad's Army</i>	Darlow Smythson Productions Ltd	110,000	835,488	220,000
TOTAL		2,270,000	24,515,046	12,008,251

4.20 Across both adult and children's drama, returning series and potentially returning series dominated, adding further to the stability of the sector. This stability creates a much better platform for skills and infrastructure development alike. We are concerned that the BBC has not sufficiently replenished the pipeline of potentially returning series and that the next phase may not be underpinned as successfully as Phase 1.

¹⁹ The level of commitment is also ahead of strategy at the 3 year mark with £6 million committed of an original budget of £6.4 million.

²⁰ We have also exceeded our internal target of gross ratio 6:1 (net 5.1).

- 4.21 Children’s scripted drama has been a steady and important contributor to the drama production slate. While this, too, is now anchored through the BBC Partnership, the attracting of Disney’s *The Lodge* is an important international breakthrough.
- 4.22 ITV, ITV Encore, Disney, Channel 4, Masterpiece Theatre, CBBC, Nickelodeon and A&E also financed drama projects representing a strong spread of commissioning and financing partners.
- 4.23 The spread of production companies is equally strong but the lack of a key local production company remains a key weakness. However, we have reason to believe that 1 or 2 local drama production companies will attract commissions soon²¹.
- 4.24 Similarly, we are only beginning to make inroads into local writers and directors steering the projects we support – notably Lisa McGee and Michael Lennox are the writer and director respectively of *Derry Girls* while Barry Devlin penned *My Mother & Other Strangers*²².

Screen Fund Television Drama Production Awards 2014-17					
Project	NISF (£)	Return (£)	Gross Ratio Actual/Estimated*	Net Ratio Act/Est*	KPI Net
<i>The Sparticle Mystery 3</i>	355,000	1,989,110	6	5	
<i>Dani’s Castle Series 3</i>	280,000	1,009,707	4	3	
<i>Millie Inbetween 2</i>	250,000	1,124,084	4	3	
<i>Let It Ride</i>	150,242	920,000	6* ²³	5*	
<i>The Lodge</i>	150,000	1,675,726	11	10	
<i>Millie Inbetween 3</i>	173,000	1,042,327	6*	5*	
<i>The Secret Life Of Boys S2</i>	115,000	690,000	6*	5*	
<i>The Lodge Series 2</i>	200,000	2,465,711	12*	11*	
<i>The Frankenstein Chronicles</i>	825,000	5,170,294	6	5	
<i>Line Of Duty 3</i>	300,000	3,238,850	11	10	
<i>Line Of Duty 4</i>	300,000	2,800,000	9*	8*	
<i>Making Dad’s Army</i>	110,000	536,228	5	4	
<i>The Fall Series 3</i>	260,000	3,455,026	13	12	
<i>The Secret</i>	229,067	1,837,285	8	7	
<i>My Mother and Other Strangers</i>	571,113	4,411,872	8	7	
<i>The Woman In White</i>	400,000	2,400,000	6*	5*	
<i>Paula</i>	300,000	2,100,000	7*	6*	
<i>The Frankenstein Chronicles Series 2</i>	800,000	5,100,000	6*	5*	
<i>Derry Girls</i>	315,711	1,973,195	6*	5*	
TOTAL	£6,084,133	£43,939,415	7.2	6.2	3.3

²¹ New company Two Cities is being run by outgoing BBC NI Drama Commissioner, Element Pictures is considering setting up in Belfast and Zodiak already has a Northern Ireland company.

²² We are very encouraged that Michael Lennox and Chris Baugh – both strongly supported within our Independent Film strategy – are combining film development with work as TV drama directors, making them potential options for future series.

²³ * indicates projected.

Screen Fund Development Awards 2014-17

Year	Company	Project	Awarded (£)	Direct Tangible Outcomes
2014-15	Rainmark Films	<i>The Frankenstein Chronicles</i>	100,000	Series commission £8.4m
2014-15	IF Productions	<i>Housebound</i>	5,000	
2014-15	Impact Film and Television	<i>Svengali</i>	23,000	
2014-15	KGB Screen	<i>Ratlines</i>	33,885	
2015-16	Far Moor Media	<i>Inspector French</i>	15,250	
2016-17	KGB Screen	<i>Ratlines</i>	18,772	
2016-17	Hera Pictures	<i>Heartland</i>	17,250	
2016-17	Rainmark Films	<i>The Frankenstein Chronicles 2</i>	50,000	Series commission £8.8m
2016-17	Blue Ink Films	<i>Homebirds</i>	8,500	
2016-17	23Ten productions	<i>Wonderland Rising</i>	40,000	
TOTAL			£311,657	



4. PERFORMANCE: INTERACTIVE

- 4.25 Phase 1 had two key initiatives and targets for Interactive²⁴; that is, to target £400k per annum at developing the cluster of companies creatively active in this sector, and to attract a larger inward investment project to act as a modest 'anchor tenant' and provide a greater opportunity to increase the job creation/economic value of Interactive more quickly.
- 4.26 Support for the cluster of companies has been strongly delivered **allowing the sector to move from an embryonic state to an emergent state** with a group of interactive content producers developing exemplar projects that are cutting through, opening up international markets and opening doors for developers that were previously closed.
- 4.27 Among the 30 companies supported, noteworthy projects/companies include:
- *Dog Biscuit* from Blackstaff Games which was nominated for Children's BAFTA, Develop Award 2016, TOMMI 2015 which has led to further work with BBC's Connected Studio;
 - Italic Pig's *Schrödinger's Cat and The Raiders of the Lost Quark* was published by Team 17 picking up a number of awards and nominations²⁵. This led to securing funding for *Mona Lisa* through Creative Europe, which has also been nominated for Game Connection Development Award for Best Casual Game 2016 and winner of Pocket Gamer Connects Big Indie Pitch of 2017;
 - Billygoat's Kickstarter campaign for *HM Spiffing* raised over £30k in crowdfunding and subsequently launched on XboxONE through the ID@Xbox program, one of the first projects developed on console by a Northern Ireland team. The project was featured prominently on the iOS app store on launch. This has opened up conversations with top tier publishers and platform holders including EA, Nintendo and Sony's XDEV team;
 - Outsider Games's *Wailing Heights* was nominated for a TIGA 2016 award for Visual Design, one of the first projects developed on console by a Northern Ireland team and distributed on PSN;
 - Inlifesize's *Evil Dead: Endless Nightmare* was published by Boom Dash Digital who are now exploring opportunities to establish a development studio here;
 - Enter Yes's *Beyond Hirieth* was recently released for Android and iOS with Sony for a time considering it as a launch title for Playstation VR.
- 4.28 While the development of a cluster of companies with exemplar projects was successful, the ambition to secure an inward investing 'anchor tenant' was not achieved. Northern Ireland Screen supported a scripted content project *SEPIA* from Xbox Entertainment as a route into Microsoft and Xbox. However, the value of this disappeared when Microsoft shut down Xbox Entertainment.
- 4.29 In the early years of Phase 1, it became clear that as envisaged the inward investing 'anchor tenant' approach was unlikely to work at the scale targeted. Financing of projects is not the major issue for the larger scale publisher and developers but **identifying high functioning teams that they can establish partnerships with on projects with a potential for acquisition is more common.**

²⁴ In ODS, what we now term Interactive was called Gaming, Mobile, E-Learning & Web Content.

²⁵ Finalist for Best Game Script for Writers Guild of Ireland, Best writing in a Video Game Writers Guild of Great Britain 2014, Develop Best use of narrative 2015, TIGA Game with a purpose 2015.

- 4.30 However, at a lower tier of the interactive content sector there have been a number of mobile projects that have been secured as work for hire opportunities – Story Toys’ *Leonardo’s Cat*, Sugra Games’ *Danger Mine*, Design Zoo’s production of *GoT Locations App* and, most significantly, *Of Kings and Men*.
- 4.31 Identifying highly entrepreneurial but less established teams with the right mix of skills and mobility was the key to attracting in particular *Of Kings and Men*. However, retaining such teams has proven difficult in a globally competitive marketplace and significant infrastructure support should be invested to attract and retain such mobile talent. It is also imperative that when such projects are attracted, we get the right trainees engaged in the opportunity to take advantage of the up-skilling. Both trainees placed on *Of Kings and Men* have gained considerable experience and, equally importantly, confidence in their abilities.
- 4.32 **Emerging talent and individual awards:** Having realised that many enthusiastic entrants to the interactive sector were lacking in the experience necessary to engage effectively with the Screen Fund to create exemplar projects, training and development schemes were expanded.
- 4.33 Throughout the period of Phase 1, 4 successful development schemes were delivered – the DEL funded *Games Academy* leading to *Games Aim High*²⁶, *Greenshoots*, *EXP Scheme* and *Assembler*²⁷. As well as creating a much more structured support framework, these development schemes have helped make connections with Microsoft, Square Enix, Green Man Gaming and All4 Games. It has also facilitated other UK connections including with Unity Technologies and UKIE²⁸.
- 4.34 The sector has strengthened in other ways including the creation of *Games NI* as a sectoral grouping and other galvanising events including Global Game Jam, Immersion VR hack and Play Me demo.
- 4.35 Another significant development has been the support for emerging technology including App Attic’s *Play Your Day*, a connected health game; Wild Rover’s VR proof of concept; Enter Yes’ *Beyond Hirieth*, mobile VR; Big Motive’s *Paperverse*, mobile VR and VRNI’s *RETNE*, connected VR.

Screen Fund Interactive Production Awards 2014-17					
Project	Awarded (£)	Return (£)	Gross Ratio Actual/Estimated*	Net Ratio Act/Est*	KPI Net
<i>Evil Dead Game</i>	65,000	177,000	3	2	
<i>Sepia</i>	625,000	2,585,215	4	3	
<i>Of Kings and Men</i>	100,000	255,000	3	2	
<i>Digging for Britain Series 4</i>	30,000	249,114	8	7	
<i>The Secret Life of Boys</i>	41,000	323,522	8	7	
TOTAL	£861,000	£3,589,851	5	4	3.5

²⁶ Stephen Ferguson from Prism Studios who won the 2015 Game Award for Best Fan Creation.

²⁷ Note that Greenshoots, EXP Scheme and Assembler were funded through Lottery provided by the Arts Council. This funding stream no-longer exists.

²⁸ And for example, Red Spear and Pandara’s box participating in the national Tranzfuser competition.

Screen Fund Development Awards 2014-17				
Year	Company	Project	Awarded (£)	Outcomes
2014-15	Blackstaff Games	<i>Dog Biscuit</i>	6,750	Published on IOS/Google Play by Tivola – nom for Children’s Bafta
2014-15	Iglu Media	<i>Robot Overlords</i>	50,000	Release on IOS/Google Play
2014-15	Iglu Media	<i>Price Of Desire</i>	50,000	Delivered development
2014-15	Blacknorth Studio	<i>Finn In The Forest</i>	15,000	Received BFI feature dev funding
2014-15	Billygoat Ent.	<i>Hm Spiffing</i>	48,200	Raised £30k through Kickstarter
2014-15	Arachnid Apps	<i>The Mulbury Project</i>	100,000	Delivered development
2014-15	Outsider Games	<i>Slate</i>	50,000	<i>Wailing Heights</i> published on Playstation & Steam
2014-15	AppAttic	<i>Play Your Day</i>	15,000	Published on IOS/Google Play
2014-15	Brain and Nerd	<i>Predestination</i>	15,000	Early access sales £7k
2014-15	Parakite	<i>Scary And Melon</i>	14,981	Published on IOS/Google Play
2014-15	Digi-Pop Games	<i>Ramble Rumble</i>	9,000	Delivered development
2014-15	Bang on the Door	<i>Emily Plays</i>	7,380	Published on IOS/Google Play
2015-16	NPE Media	<i>Man Vs Wave</i>	10,000	Commission £13.5k
2015-16	Freshly Baked Games	<i>Lucid’s Realm</i>	15,000	Investment/publishing deal offered by Standfast Interactive
2015-16	Savage Studios	<i>Leonardo</i>	50,000	Published on IOS/Google Play by Story Toys
2015-16	Blacknorth Studio	<i>Tripolar</i>	15,000	Pitched to Sony Santa Monica - published on IOS/Google Play
2015-16	Blackstaff Games	<i>Slate</i>	15,000	Delivered development
2015-16	Sugra Games	<i>Danger Mine</i>	22,500	Published on IOS/Google Play
2015-16	Blackstaff Games	<i>Dog Biscuit</i>	5,000	Published on IOS/Google Play by Tivola
2015-16	Game Skinners	<i>Crazy Pool</i>	9,000	Delivered development
2015-16	Iglu Media	<i>Slate</i>	15,000	Delivered development
2015-16	Italic Pig	<i>Mona Lisa</i>	96,000	Ongoing development
2015-16	Billygoat Ent.	<i>HM Spiffing</i>	28,500	Accepted on to ID@XBOX
2015-16	Troll Inc	<i>Unwound</i>	14,850	Delivered development
2015-16	The Design Zoo	<i>GoT Mobile App</i>	30,000	Published on IOS/Google Play
2015-16	Paperverse	<i>Paperverse</i>	15,000	Published on IOS/Google Play
2015-16	Outsider Games	<i>Jennifer Wilde</i>	15,000	
2015-16	Controvert	<i>Deterior 09</i>	15,000	Delivered development
2016-17	Troll Inc	<i>Unwound</i>	10,000	Delivered development
2016-17	SRIO	<i>Showreel</i>	9,000	
2016-17	Billygoat Ent.	<i>Robot Cowboys</i>	15,000	Delivered development
2016-17	Cupboard Games	<i>Umwelt</i>	15,000	Delivered development
2016-17	Prism Game Studios	<i>Dr01d</i>	9,000	Ongoing development
2016-17	The Design Zoo	<i>GoT Mobile App</i>	15,000	Published on IOS/Google Play
2016-17	Incog Studio	<i>Exploris App</i>	14,587	Ongoing development
2016-17	Outsider Games	<i>Terranaughts</i>	15,000	Ongoing development
2016-17	Billygoat Ent.	<i>HM Spiffing</i>	10,820	Sales of £56k to date Launch on PS4, Xbox One
2016-17	VRNI	<i>RETNE</i>	26,288	Delivered development
2016-17	Coffee Box Games	<i>Wow</i>	9,000	Ongoing development
2014-15	Greenshoots			5 projects awarded & developed in partnership with Microsoft
2015-16	EXP scheme			5 individual awards for experimental gameplay projects
2016-17	Assembler			5 individual awards for experimental gameplay projects
TOTAL			£1,011,106	



4. PERFORMANCE: FACTUAL/ENTERTAINMENT

4.36 The Factual Entertainment Sector has made very notable progress throughout Phase 1:

- There was a very strong return on the development investment – invested £1.4 million with £10.7 million already tracked as direct value, with investment broadly in line with the budget;
- Because of the large award to *Can't Touch This*, the sector fell short of the Net Ratio KPI set by Cogent which was 4.4 against an actual to date of 3.7²⁹;
- Stellify's entertainment format *Can't Touch This* was the biggest entertainment show ever produced in Northern Ireland and is being sold as a format abroad.

Factual/Entertainment Television Awards 2014-18					
Project	NISF (£)	Return (£)	Gross Ratio Actual/Estimated*	Net Ratio Act/Est*	KPI Net
<i>Armoy Road Races</i>	6,900	34,249	5	4	
<i>Jigs and Wigs Series 2</i>	60,000	172,958	3	2	
<i>Lusitania</i>	45,000	210,757	5	4	
<i>Wild Ireland</i>	20,000	70,427	4	3	
<i>Can't Touch This</i>	594,000	2,259,848	4	3	
<i>Hive Minds</i>	84,000	401,317	5	4	
<i>Armoy Races 2015</i>	6,800	32,598	5	4	
<i>Young, Dumb and Dangerous</i>	34,478	206,266	6	5	
<i>Wave Goodbye to Dinosaurs</i>	65,000	347,533	5*	4*	
<i>Hive Minds Series 2</i>	39,730	303,688	8	7	
<i>Thelma's Communion Kids</i>	29,838	199,351	7	6	
<i>Ardal's Ireland</i>	39,918	244,449	6	5	
<i>Irish Motorbike Series</i>	13,000	81,881	6	5	
<i>Solitary</i>	28,286	176,431	6	5	
<i>Genealogy Roadshow</i>	115,384	845,813	7	6	
TOTAL	£1,182,334	£5,587,566	4.7	3.7	4.4

4.37 Due to the challenging market conditions for the factual/entertainment sector, Phase 1 predicted modest levels of supported production within the factual/entertainment sector. The focus was on strong development support with the small production budget targeting cultural or tourism orientated projects.

²⁹ If the unexpected *Can't Touch This* is removed from the figures, the sector spend is below the budget projection and the Net Ratio is close to the KPI at 4.25 against 4.4.

- 4.38** Sony backed start up Stellify bucked the trend with an entertainment format *Can't Touch This* that had the potential to revolutionise the entertainment sector. The possible returns were enormous given the show was designed to become a 'hub show' where multiple versions are produced on the one set each year³⁰. The project did not reach this scale of success but was still the biggest entertainment show produced in Northern Ireland and is being sold as a format internationally. With a £600k investment from within a 4 year allocation of £800k, *Can't Touch This* heavily distorted the strategy budget creating ongoing administrative challenges throughout the period. For Phase 2, it would be useful to have the flexibility to support compelling projects whether anticipated in the strategy or not, and the ability to reallocate the available budget accordingly, provided the key shape of the budget is retained.
- 4.39** The rest of the production awards were consistent with the strategy – 6 of the projects were supported mindful of their potential value to tourism. Big Mountain's Channel 4 commission for *Genealogy Road Show* is a notable strategic development given that this follows on from an original RTE commission and the sale of the format to PBS for 3 seasons in the USA.
- 4.40** The outcomes for factual/entertainment development funding are extremely encouraging with the conversion into production much quicker than in previous periods. Development has already returned over £10 million in commissioned production of which almost £6 million did not require any further production incentive. This strongly vindicated the focus on development funding in Fact/Ent. The soft relationship outcomes are equally important; for example, Fine Point's output deal with Content, Big Mountain's relationship with A&E and the talent development with Channel 4.
- 4.41** Aim High, the apprentice scheme co-financed by Northern Ireland Screen and the BBC, continues to be extremely successful with its alumni re-energising the factual/entertainment sector and playing a part in taking it forward.

Screen Fund Development Awards 2014-17						
Year	Company	Project	Awarded (£)	Outcomes	Value of Commission in receipt of Screen Fund Production Award	Value of Commission NOT in receipt of Screen Fund Production Award
2014-15	Erica Starling	<i>Slate</i>	£35,000	3 commissions	£243,000	£263,000
2014-15	Alleycats	<i>Slate</i>	£20,000	Feature doc £347k		£347,836
2014-15	Fine Point Films	<i>Slate</i>	£40,000			
2014-15	Stellify Media	<i>Slate</i>	£15,000	Series commission	£3,344,321	
2014-15	Stirling	<i>Slate</i>	£15,000			
2014-15	Stephen Nolan Broadcast	<i>Stupid or Smart</i>	£7,498	Relationship with distributor		
2014-15	Below the Radar	<i>Slate</i>	£20,000	Access to network		
2014-15	Afro-Mic Productions	<i>For the Love of Mod</i>	£10,000	Access to C4 mentoring scheme		
2014-15	360 Production	<i>Slate</i>	£85,000	Growth in animation and graphics work		
2014-15	Fine Point Films	<i>Slate</i>	£5,000			
2014-15	Tern Television	<i>Chicken People</i>	£2,000	Commission		£125,000
2014-15	Fine Point Films	<i>The Boy Who Changed America</i>	£10,000	Commission	£904,000	
2014-15	Stellify Media	<i>Slate</i>	£10,000	Series commission in final negotiations		TBC

³⁰ For example, *Total Wipe Out*.

2014-15	Green Inc	Slate	£50,000	Resulted in co-productions		
2014-15	NPE Media Ltd	Revvd	£5,000	Commission		£13,500
2014-15	Big Mountain	Slate	£42,000	Relationship with A&E		
2014-15	Stirling	Slate	£35,000			
2014-15	Erica Starling	Psychedelic Ike	£15,000	Securing prod finance		
2014-15	Tern Television	Dangerous Sports	£2,500			
2014-15	Afro-Mic Productions	OCS Doc	£5,000	Access to contributors		
2014-15	Speed Motion Films	Selfmade	£12,500			
2014-15	Potato TV	The Wall	£20,000			
2014-15	Stellify Media	Can't Touch This pilot	£95,000	Series commission as above & US pilot		£407,615
2014-15	Tern Television	Extreme Tourist	£7,000			
2014-15	Tyrone Productions	Dancing Queen	£1,000	Commission		£50,000
2014-15	Doubleband Films	Slate	£5,000			
2014-15	Big Mountain	Roomies	£30,000	Relationship with A&E		
2014-15	Alleycats	Slate	£5,000			
2014-15	Stellify Media	Slate	£10,000	Commission	£231,000	
2014-15	Green Inc	Eureka	£31,230	Pan-European partnerships		
2015-16	Alleycats	Slate	£17,314	Commission		£195,357
2015-16	Wild Rover	Day Trippers	£14,997			
2015-16	Ronin Films	Slate	£20,000	Channel 4 shorts series		
2015-16	Potato TV	The Bridge	£30,000			
2015-16	Afro-Mic Productions	Ocean Colour Scene	£10,000			
2015-16	Stellify Media	Slate	£50,000	Commission		£45,000
2015-16	Tern Television	Dangerous Sports	£2,000			
2015-16	ScreenTime Shinawil	Slate	£15,000			
2015-16	Big Mountain	Slate	£50,000	3 commissions	£447,918	£244,989
2015-16	Waddell Media	Slate	£30,000	5 commissions		£2,591,018
2015-16	360 Production	Slate	£10,000			
2015-16	Fine Point Films	Slate	£15,000	Secured Content Media		
2015-16	Afro-Mic Productions	The Devil	£4,000	Led to Big Toe Needs a Hand for ALL4		
2015-16	Big Mountain	Roomies USA	£19,918			
2015-16	Fine Point Films	Slate	£75,000	Levied private investment		
2015-16	Erica Starling	Slate	£21,000	Commission		£164,495
2015-16	Doubleband Films	The Royal	£10,000			
2015-16	Fine Point Films	Behind the Blood	£9,000	Feature doc commission	£397,527	
2015-16	Afro-Mic Productions	Slate	£14,775			
2016-17	Erica Starling	Slate	£20,000	Prog commission		£130,000
2016-17	Green Inc	4 Doors Down	£51,443	Pilot still in discussions		
2016-17	Doubleband Films Ltd	Slate	£15,000			
2016-17	Big Mountain	Slate	£40,000			
2016-17	Erica Starling	Leonora Carrington	£3,000	Feature doc		£203,000
2016-17	Alleycats	Slate	£10,000			

2016-17	Nice One Productions	<i>What Makes You Tic?</i>	£27,500	Unlocked BBC development funding		
2016-17	Stellify Media	<i>Slate</i>	£50,000	Pilot commission		£25,000
2016-17	Tern Television	<i>The Grid</i>	£3,000			
2016-17	Stellify Media	<i>Retiring Danger</i>	£5,000			
2016-17	Below The Radar	<i>Slate</i>	£15,000			
2016-17	Fine Point Films	<i>Slate</i>	£50,000	Doc commission	£365,000	
2016-17	Maverick Renegade	<i>Slate</i>	£9,000			
2016-17	Alleycats	<i>Slate</i>	£12,500			
2016-17	Nice One Productions	<i>Slate</i>	£11,000			
2016-17	Afro-Mic Productions	<i>Big Toe Needs a Hand</i>	£15,000	6 x 5 mins for ALL4		
2016-17	Alleycats	<i>Brawl</i>	£10,000		£ 5,932,766	£4,805,810
TOTAL			£1,411,175			£10,738,576

4. PERFORMANCE: INDEPENDENT FILM

4.42 The independent film sector has performed strongly over Phase 1, delivering considerable opportunities for local talent:

- The Cogent Net Ratio KPI of 2.15 was exceeded – to date the ratio is 2.42;
- New Talent Focus Scheme was the standout success, delivering a step change in the careers of the key talent involved in each project;
- Local films premiered at Sundance, Toronto, Venice and Tribeca;
- Feature documentary grew into a category all its own with 3 companies engaging strongly with international markets, the pinnacle of which was Fine Point's *Eliau* premiering at Tribeca.

4.43 The shape of independent film funding and the associated successes has been very consistent with Phase 1, excepting the expansion of feature documentary which has grown into a highly visible and buoyant category all its own.

4.44 The New Talent Focus Scheme has been particularly successful:

2014: *The Survivalist* – an Oscar-winning producer was attracted to Stephen Fingleton's film which debuted at Tribeca Film Festival, where Screen International described it as '*Superb, visceral and unvarnished*'. Stephen received the British Independent Film Award for Debut Director. This has led to a 3-picture deal with LA-based Picture 8;

2015: *A Patch of Fog* – attracted an Oscar-winning producer. Writers John Cairns and Michael McCartney nominated for a BIFA while director Michael Lennox came straight off his Oscar nominated short. Premiered at the Toronto Film Festival to a warm response. Michael has gone on to direct ITV's *Endeavour* and *Derry Girls* for C4 which filmed in Belfast in 2017;

2016: *The Devil's Doorway* – writer/producer Martin Brennan is now working with Jeremy Bolt (*Resident Evil*) and Anonymous Content (*True Detective*). He is also producing other local talent Ronan Blaney and Colum Eastwood supported by Mark Huffam (*The Martian*). Director Aislinn Clarke's next project *Blackened* was optioned by Farah Abushwasha of Rocliffe and she has been hired by Boudica to write and direct *The Crossing*;

2017: *Bad Day for the Cut* – accepted and premiered at Sundance, picked up by agents XYZ, sold to Netflix, and highly praised by trade press and bloggers. Producer/Writers/Director team Brendan Mullin and Chris Baugh are now represented by CAA in the US and Independent in the UK. Brendan is line producing *Viking Destiny* and Chris is directing *Vera* for ITV as they finance follow up feature *Boys from County Hell*.

4.45 The funding has been in line with the projections and, as indicated, few projects attracted more than £400k³¹. Projects of cultural significance to Northern Ireland were heavily prioritised; for example *The*

³¹ 3 projects attracted more than £400k – highly compelling local stories *The Journey* and *Zoo* and Ben Wheatley's *High-Rise*.



Journey, Zoo and *Bad Day for the Cut*. But, as indicated, we did still back a small number of incoming independent films; for example, Ben Wheatley's *High-Rise* and *Trautmann*.

- 4.46 Local private finance was also attracted to independent film utilising EIS and Seed EIS³².
- 4.47 Consistent with the growing success in feature documentaries, we have broadened the range of short films to include factual shorts as well as the more traditional scripted shorts. Short films represent the entry point to independent film and the screen industry more generally for a high proportion of the key talent. Recent short film successes include *Mama Hen* which was broadcast by BBCNI, *All for Show* was broadcast by BBCNI and *Short, Sharp Shocks* which led to director Aislinn Clarke being selected to direct *The Devil's Doorway* and attracting representation from agent Matthew Dench.
- 4.48 Script Development – funded by Lottery – is the critical building block for independent film both in terms of project development and career development. Recent successes at an individual level include *The Last Rifleman* optioned by Wee Buns, *Kill* which has been progressed to the Shorts to Features scheme, *Blackened* optioned by Rocliffe, *Black Medicine* optioned by Martin Brennan, *The Silence* optioned by Six Mile Hill and *Tit for Tatt* which won Best Factual Short at the Galway Film Fleadh.
- 4.49 At a company level recent successes include *Bad Day for the Cut* which premiered at Sundance, *Zoo* – about a Belfast elephant during WW2 – will be released soon, *The Journey* – the Paisley/McGuinness story written by Colin Bateman, premiered at Venice and Toronto Film Festivals, *The Secret* – adapted from Deric Henderson's book on the Howells – was produced for ITV and bilingual feature film *Penance* is in post-production.
- 4.50 Feature Documentary has grown substantially beyond the single landmark documentary per year ambition of the strategy. Fine Point Films have produced numerous feature documentaries during the period backed up by Erica Starling, Causeway Pictures and Alleycats. This is a considerable export-driven expansion for these companies with deep roots in Northern Ireland's factual television sector. While still a niche, the economic value of this sector should not be underestimated, with budgets for feature documentaries reaching £1 million against an average under £200k for a standard UK or Ireland documentary.
- 4.51 Steeped in the challenging journalism and storytelling of Northern Ireland's history, there is a cluster of 4-5 companies and associated producers and directors who can make a considerable impact in the international feature documentary arena. It is very encouraging that these companies are reaching beyond local stories with their projects; for example, Fine Point's *Eliau* is the story of a Cuban boy's extradition from the USA³³ and Erica Starling's *The Most Hated Woman in Alaska* follows the story of a criminal trial in Alaska. However, no matter how challenging, it is equally important that these companies are supported to tell stories from Northern Ireland; for example, Fine Point's *66 Days* which performed strongly on cinema release in Ireland.

³² Fine Point Films and Zoo raised local private finance & utilised EIS and Seed EIS.

³³ Also *Searching for Mercury 13* about the parallel female astronaut programme for which Fine Point won the pitching award at Hot Docs and a subsequent Netflix commission.

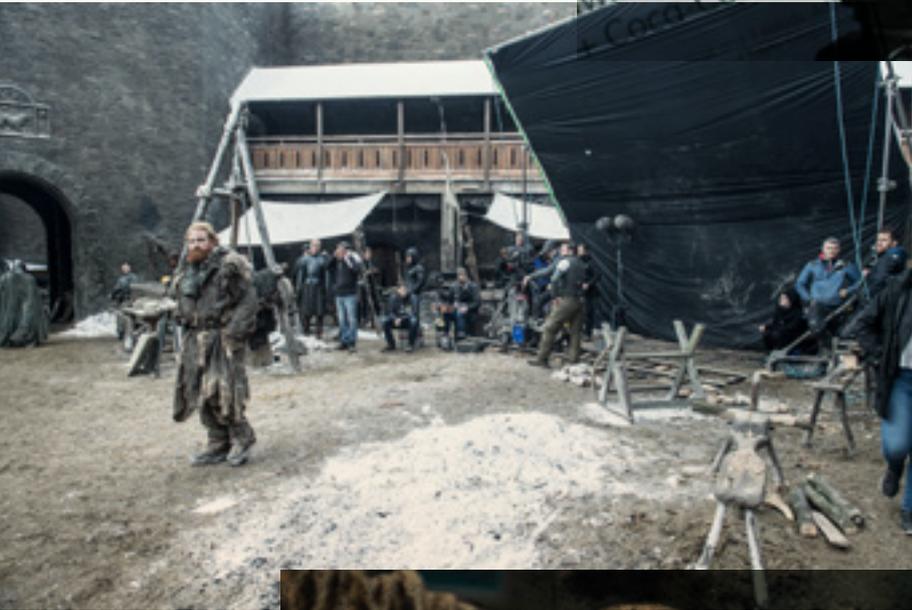
Screen Fund Independent Film Awards 2014-17

Project	NISF (£)	Return (£)	Gross Ratio Actual/ Estimated*	Net Ratio Act/Est*	KPI Net
INDEPENDENT FILM					
<i>High-Rise</i>	450,000	1,914,617	4	3	
<i>A Nightingale Falling</i>	10,000	25,772	3	2	
<i>The Survivalist</i>	223,500	507,133	2	1	
<i>A Patch of Fog</i>	136,664	246,168	2	1	
<i>The Truth Commissioner</i>	350,000	1,050,000	3	2	
<i>The Journey</i>	600,000	1,404,106	2	1	
<i>Bad Day for the Cut</i>	248,295	343,313	1	0	
<i>Penance</i>	150,000	450,000	3	2	
<i>The Devil's Doorway</i>	212,336	272,336	1	0	
<i>Zoo</i>	617,000	1,842,000	3	2	
<i>The Third Wave</i>	80,000	400,000	5	4	
<i>The Bookshop</i>	100,000	509,615	5	4	
<i>Trautmann</i>	300,000	1,800,000	6	5	
TOTAL	£3,477,795	£10,765,060	3	2	
FEATURE DOCUMENTARY					
<i>I Am Belfast</i>	30,000	92,126	3	2	
<i>Hostage to the Devil</i>	20,000	64,285	3	2	
<i>Best</i>	95,000	232,500	2	1	
<i>The Most Hated Woman in Alaska</i>	60,000	195,450	3	2	
<i>The Boy Who Changed America</i>	80,000	403,685	5	4	
<i>Kings of Sumava</i>	21,176	63,529	3	2	
<i>One Million New Yorkers</i>	100,000	413,789	4	3	
<i>You've Been Trumped Too</i>	5,400	27,011	5	4	
<i>Hear My Voice</i>	40,000	165,595	4	3	
<i>Behind the Blood</i>	50,000	216,745	4	3	
TOTAL	£501,576	£1,874,715	4	3	
FEATURE DOCUMENTARY - LOTTERY					
<i>No Stone Unturned</i>	80,000	400,000	5	4	
<i>Project Children</i>	100,000	215,447	2	1	
<i>66 Days</i>	65,000	359,388	6	5	
<i>Leonora Carrington</i>	47,000	142,400	3	2	
<i>Trophy Hunters</i>	50,790	109,205	2	1	
TOTAL	£342,790	£1,226,440	4	3	

5. POLICY CONTEXT

MAPPING TO PROGRAMME FOR GOVERNMENT OUTCOMES

Programme for Government Outcomes	Potential Related Indicators	Screen Industry/Northern Ireland Screen contribution
<i>We prosper through a strong, competitive, regionally balanced economy</i>	<ul style="list-style-type: none"> Private sector NICEI External sales Rate of innovation activity 	<ul style="list-style-type: none"> The screen industries are an almost exclusively export based sector and Northern Ireland Screen's strategy is exclusively focused on export and foreign direct investment.
<i>We are an innovative, creative society, where people can fulfil their potential</i>	<ul style="list-style-type: none"> Rate of innovation activity % engaging in arts/cultural activities in the past year 	<ul style="list-style-type: none"> A significant proportion of screen development is innovative and it is all creative activity Northern Ireland Screen has introduced after school film clubs to over 250 of the most disadvantaged schools in Northern Ireland.
<i>We have more people working in better jobs</i>	<ul style="list-style-type: none"> Economic inactivity rate excluding students A Better Jobs Index Graduates from local insts in prof/ mgnt occupations or further study 6 mths after graduation 	<ul style="list-style-type: none"> The Opening Doors Strategy levered £250 million direct spend on high value jobs. Northern Ireland Screen has been at the forefront of developing modern apprenticeships that bridge the gap between education and the creative workplace.
<i>We have a more equal society</i>	<ul style="list-style-type: none"> Gap btwn % non-FSME and FSME schl leavers achieving Lvl 2 or above incl English & Maths Economic inactivity rate excl stdnts Employment rate by council area 	<ul style="list-style-type: none"> All Northern Ireland Screen education activity is primarily targeted at schools with the highest number of children in the greatest need.
<i>We are a shared society that respects diversity</i>	<ul style="list-style-type: none"> A Respect index % of the population who believe their cultural identity is respected by society 	<ul style="list-style-type: none"> Exported Screen Content will impact on Respect Index Supported content presents diverse representation of NI Irish Language and Ulster-Scots television programming contribute to expression of cultural identity.
<i>We are a confident, welcoming, outward-looking society</i>	<ul style="list-style-type: none"> A Respect index Total spend by external visitors % of the population who believe their cultural identity is respected by society Nations Brands Index 	<ul style="list-style-type: none"> The production of HBO's <i>Game of Thrones</i> in Northern Ireland has already had a very considerable impact on the perception of Northern Ireland across the globe. Further projects attracted to the new Belfast Harbour Studios will contribute further. International awards and nominations do much for society's confidence; for example, the Oscar for <i>The Shore</i> and the Oscar nomination and BAFTA award for <i>Boogaloo & Graham</i>.
<i>We have created a place where people want to live and work, to visit and invest</i>	<ul style="list-style-type: none"> Total spend by external visitors Nation Brands Index A Better Jobs Index 	<ul style="list-style-type: none"> A vibrant screen industry and culture can be seen all over the world to be an important ingredient in the attractiveness of a place for residents and visitors alike.
<i>We give our children and young people the best start in life</i>	<ul style="list-style-type: none"> % schools found to be good or better 	<ul style="list-style-type: none"> The Creative Learning Centres are supporting schools to innovate with digital technologies and creative learning techniques for a decade. The Film, Animation and Fact/Ent Academies being developed will help focus children & young people on screen industry job opportunities.



MAPPING TO INDUSTRIAL STRATEGY FOR NORTHERN IRELAND

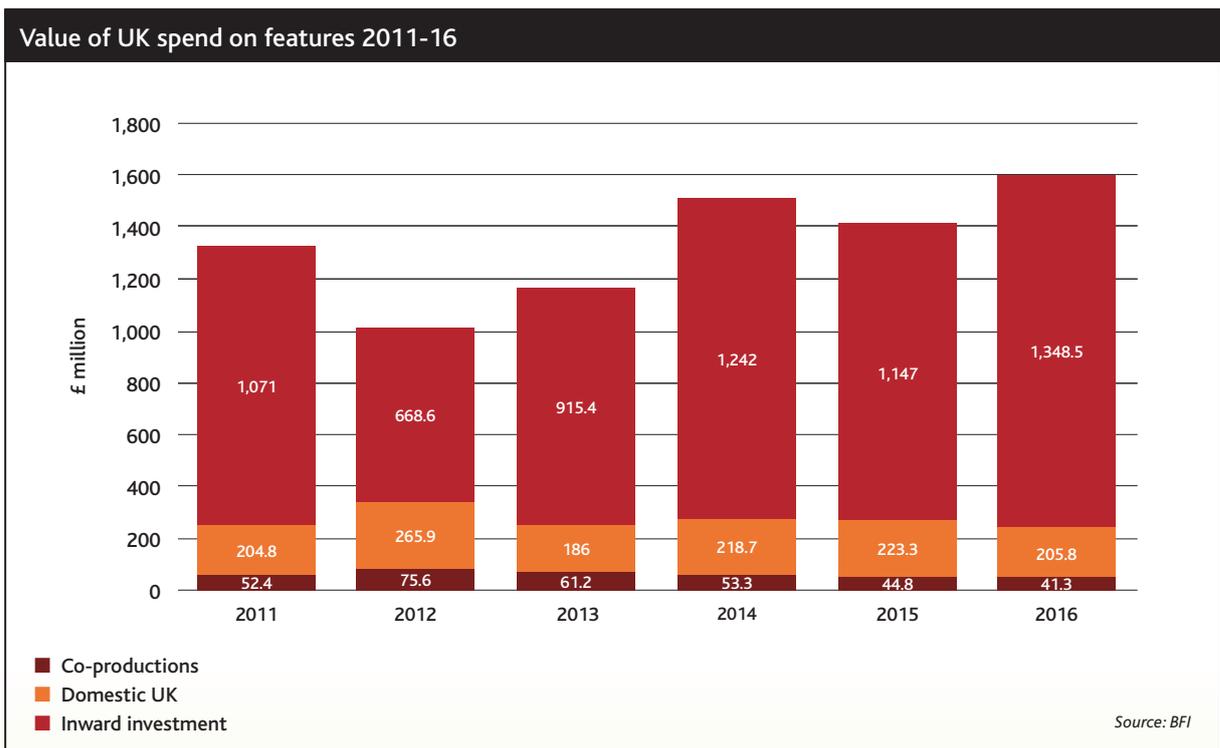
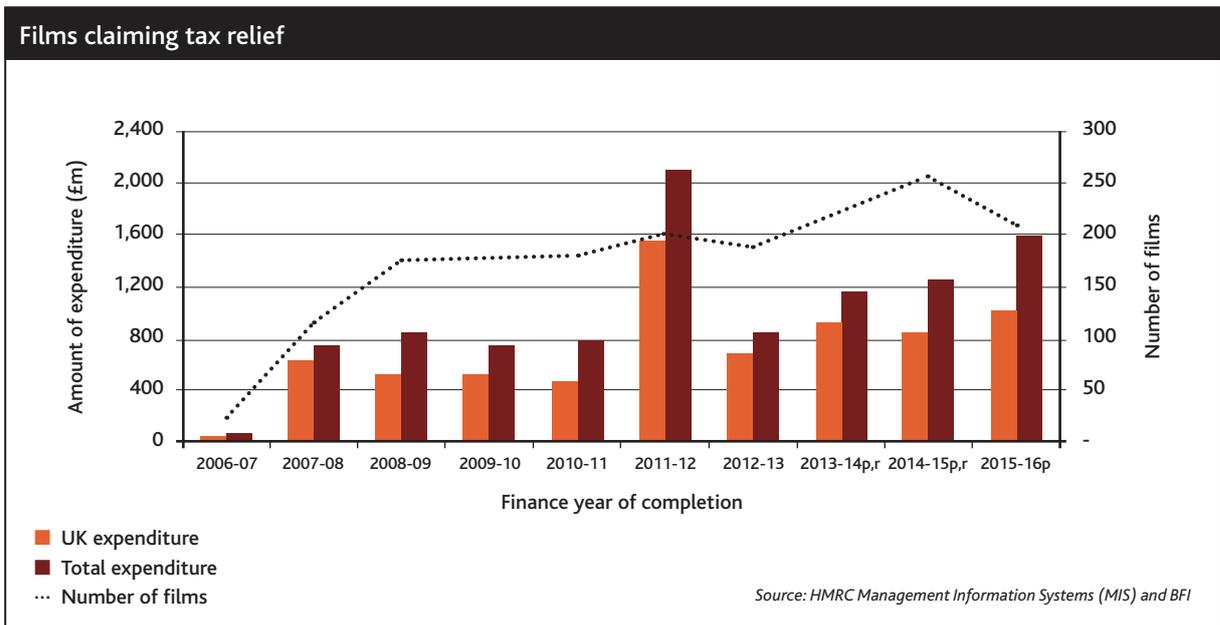
Opening Doors will contribute significantly to the Northern Ireland economy 2017–2030 milestones; particularly, 2020 – making Northern Ireland no.1 for FDI outside London; 2025 – growing sales outside Northern Ireland by 80%, doubling tourism spend; 2030 – 80,000 jobs in the knowledge economy.

Industry Strategy Pillars	Ambition	Screen Industry/Northern Ireland Screen contribution
Pillar 1 <i>Accelerating Innovation and Research</i>	The ambition is to have an economy where entrepreneurship and enterprise is endemic and innovation is embedded.	<ul style="list-style-type: none"> ■ The screen industry is one of the most dynamic sectors requiring high levels of entrepreneurship and innovation. ■ The screen industry is about constant creative development and innovation. ■ There is a high correlation between regions that are generally entrepreneurial and those with developed screen sectors; for example, New Zealand, Singapore, Israel and the Republic of Ireland all have developed screen industries.
Pillar 2 <i>Enhancing Education, Skills and Employability</i>	The ambition is an economy built on talent which delivers excellence and relevance in education and skills and where everyone is supported to achieve their potential.	<ul style="list-style-type: none"> ■ At the heart of the strategy is skills development and the central plank of that is a continuation and extension of modern apprenticeships. ■ Northern Ireland Screen’s activity has a strong education dimension primarily through the Creative Learning Centres and their support of teacher training in the area of digital technologies.
Pillar 3 <i>Driving inclusive, sustainable growth</i>	An economy which delivers for people across all parts of Northern Ireland with more people in employment, more companies being established and more inward investment being attracted.	<ul style="list-style-type: none"> ■ The Strategy will deliver considerably more inward investment ■ The screen industries, while largely freelance in nature, are remaining extremely labour intensive. ■ The screen industry in Northern Ireland develops a considerable number of start-ups every year; for example, over 30 start-ups have been supported in the interactive sector during Phase 1 of Opening Doors.
Pillar 4 <i>Succeeding in Global Markets</i>	Northern Ireland will be viewed across the world as the location of choice within the United Kingdom to do business from, and to do business with.	<ul style="list-style-type: none"> ■ The production of HBO’s <i>Game of Thrones</i> in Northern Ireland has already had a very considerable impact on the perception of Northern Ireland across the globe. New international projects attracted to the Belfast Harbour Studios will contribute further. ■ A vibrant screen industry and culture is a highly appealing dimension to the overall attractiveness of Northern Ireland as a business location.

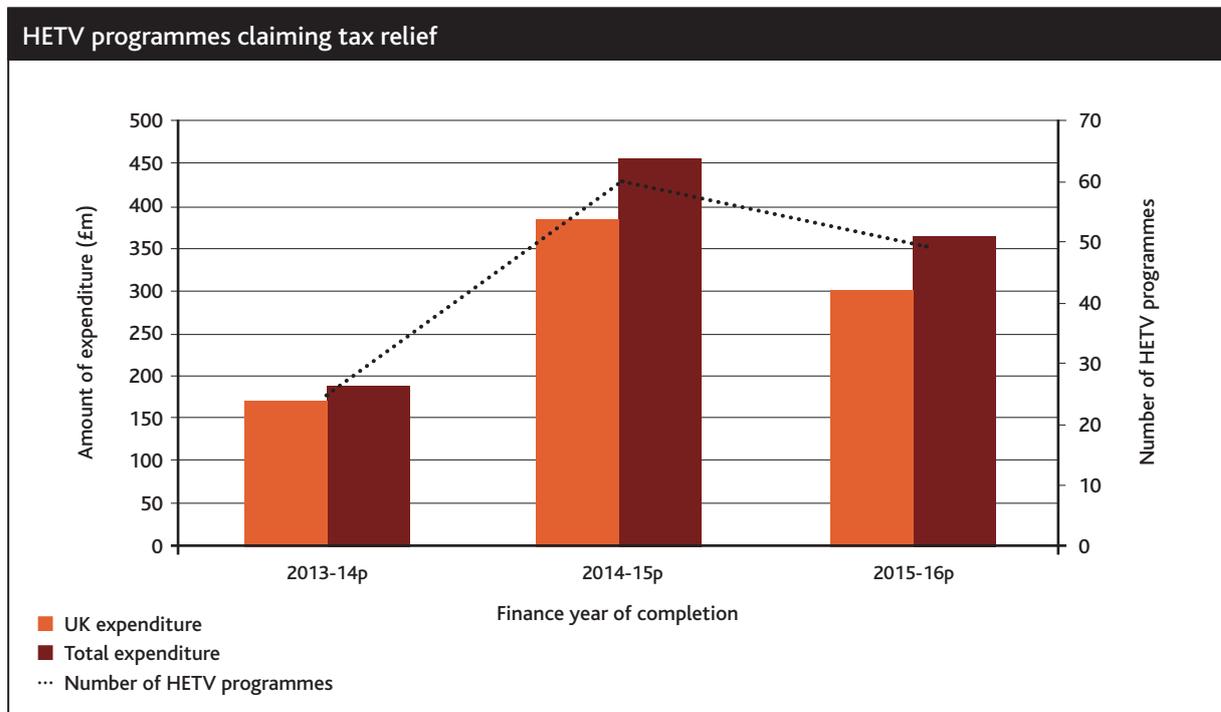
6. MARKET INFLUENCES

LARGE-SCALE PRODUCTION

- 6.1 The market for inward investing Large-Scale Production has remained very strong across Phase 1, particularly within the UK. There is nothing to suggest that this buoyant market will decline in the short or medium term. However, Large-Scale Production will always have the potential to be volatile.
- 6.2 In 15/16, the UK film industry was worth £1 billion with over 70% of that UK spend attributed to films budgeted at over £30 million. These £30+ million films represent the inward investment film market in the UK. Generally, there are 15-16 inward investment films per annum.



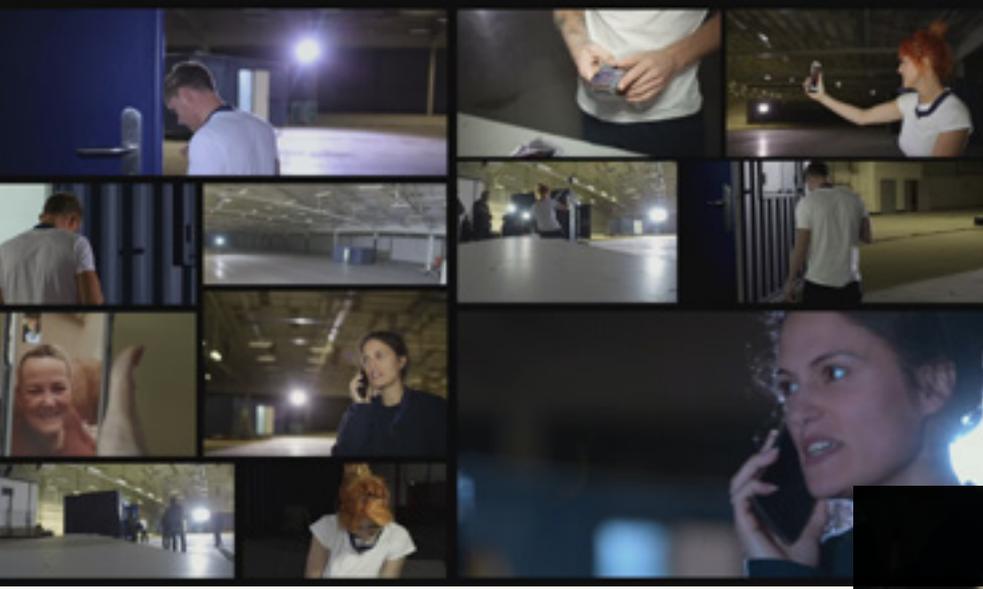
- 6.3 Northern Ireland has not secured a £30+ million budget film since Dracula Untold in 2013/14. However, the primary reason for this has been the lack of studio capacity. This issue has now been addressed by the completion of the Belfast Harbour Studios, albeit the first customer to occupy the Belfast Harbour Studios is a High End Television Drama project not an Inward Investing Film.
- 6.4 While smaller than the studio film market, the High End Television Drama ('HETV') market in the UK has been growing significantly since the introduction of the HETV tax credit. HMRC reported that the UK spend from HETV in 15/16 was £300 million. An average of our HETV Northern Ireland spend gives us approximately 15% of this market across the 2 years 14/16.



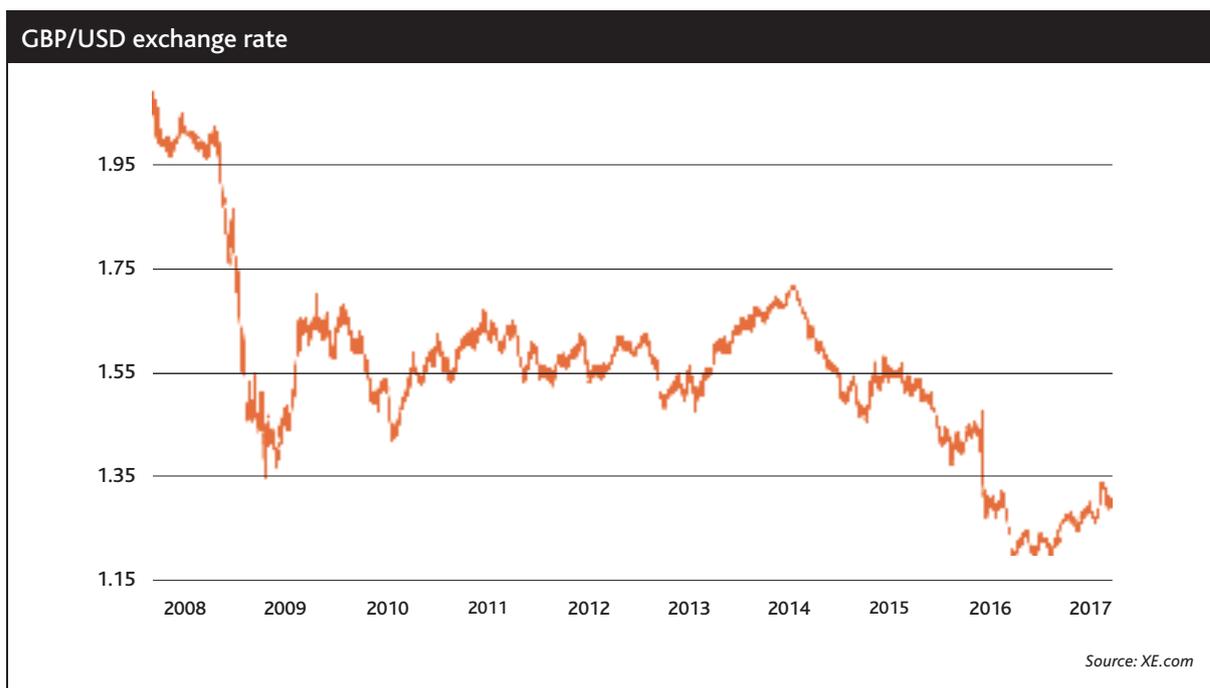
- 6.5 The expectation is that this upward curve in HETV budgets and spend will continue. For example, Gary Davey, responsible for content at SKY had this to say at MIP 2017 about an output deal with HBO and the cost of television drama more generally:

"That deal is really an acknowledgement of how budgets are going. Even HBO loves working with partners like us to defray the 'per episode' cost, which is rapidly reaching the \$10m an hour point – not as the exception, but rather, it's starting to become the rule. People used to laugh that Game of Thrones cost \$11m an hour, but doesn't seem so silly anymore"

- 6.6 Northern Ireland is doing very well within inward investing HETV but there is ever growing competition from both within the UK and Ireland and beyond. Competition from Wales has been considerable throughout Phase 1, while the Republic of Ireland, Yorkshire, Scotland and the South West of England have all been strengthening their HETV inward investment proposition.
- 6.7 The availability and competitiveness of global incentives for inward investing film and TV drama is ever increasing. For example, the Republic of Ireland increased its incentive to film and TV drama production to 32% of qualifying spend. This is considerably more than the UK's 25% especially when the definition of qualifying spend in the Republic of Ireland has been redefined in producer friendly terms similar to the UK.
- 6.8 The differential between a 32% tax incentive in the Republic of Ireland and a 25% tax incentive within the UK illustrates strongly the ongoing need for a Northern Ireland specific 'top up' incentive.



- 6.9 The reduction of the value of Sterling against the Dollar and the Euro provides considerable support for the UK inward investing film and TV drama sectors. This has been an important factor in 2016/17. While it does not provide Northern Ireland with any differentiation from the rest of the UK, it does – for the moment – counter balance the more lucrative incentive in the Republic of Ireland.



ANIMATION

- 6.10 As predicted in Phase 1, the introduction of the UK Animation Tax Credit was a 'game changer' and underpinned all the animation sector's growth. During the strategy period the tax credit was extended to include all children's drama which allowed *Wildwoods*, a children's puppet show, to be financed based in Northern Ireland.
- 6.11 A force in the other direction has been the continuing decline of commissioning of children's content by UK public service broadcasters. This decline has been acute with Channel 4 and ITV no longer involved in commissioning children's content and, more recently, the purchase of UK broadcaster FIVE, including its Milkshake children's strand, by Viacom, the owner of Nickelodeon, reducing the UK commissioners further.
- 6.12 This decline may soon be stemmed as the broadcast regulator Ofcom now has the responsibility to impose criteria concerning the provision of children's programmes on UK public service broadcasters. This legal change is designed to make broadcasters negotiate an appropriate settlement for children with Ofcom, with a view to increasing content broadcast to children.
- 6.13 Beyond the UK, the sector is dominated by the increasing influence of the new content platforms including Amazon and Netflix. Netflix has been extremely active in purchasing children's content. This dominance is likely to continue and it is foreseeable that other new players could come to the market. The introduction of Netflix and other US platforms to the animation market is not without its challenges – for example, Netflix³⁴ prefer to purchase content outright from production companies which challenges Northern Ireland Screen's support mechanism which requires an equity stake – it has introduced an extremely important new market.

³⁴ The UK sectoral body, Animation UK, is concerned that US platforms are 'drowning out' UK content and that wealth generation associated with content supported by the UK tax credit is too often within a US company.

- 6.14** A recent Cartoon Business³⁵ conference in Belfast illustrated clearly that Northern Ireland has a strong story to tell with Jam Media, Dog Ears, Paper Owl and Sixteen South all achieving high visibility within the European conference. The conference also illustrated the ongoing advantage of aligning and partnering with the strong animation sector in the Republic of Ireland. The conference also confirmed that 2D animation remains the dominant animation form within UK children's animation commissioning, albeit there are many other outlets for 3D projects.
- 6.15** The BBC and Northern Ireland Screen made the following commitment to animation/children's content in April 2017 – 'The BBC and Northern Ireland Screen co-invested in eight projects for broadcast on CBeebies or CBBC across the first partnership period. Having appointed a dedicated Children's Commissioning Executive for Scotland and Northern Ireland, the BBC will work to maintain this level of production in Northern Ireland across the new partnership period. Northern Ireland Screen commits to providing similar levels of support based on the terms previously applied.'
- 6.16** Across all children's content buyers' demand is growing for additional content like games, behind-the-scenes material and other more interactive content, albeit there is limited appetite to pay for it.
- 6.17** Within our screen industry, the animation sector is probably the most challenged by the potential implications of Brexit. The sector employs a higher than average percentage of European nationals, including of course, a high percentage of Republic of Ireland nationals, within its workforce. European co-production is also the prevalent financing model, usually on an all-Ireland model which has had considerable competitive advantage over other European co-production set-ups.

TELEVISION DRAMA

- 6.18** The global market for television drama has remained extremely strong throughout Phase 1, and all indications are that it will remain strong for the foreseeable future.
- 6.19** The most significant global influence on this buoyant market has been the introduction of a number of aggressive new buyers including Netflix and Amazon. However, this is backed up by very strong international sales for high-quality English language television drama.
- 6.20** Within the UK, as predicted in Phase 1, the High End Television Drama tax credit has had a huge influence. It has repatriated drama production back to the UK and attracted internationally – primarily USA – financed drama in equal measure. It has also contributed to pushing the average budget of television drama upwards³⁶.
- 6.21** The depressed value of Sterling relative to both the Dollar and the Euro also drives up demand for drama production to be undertaken within the UK as opposed to elsewhere.
- 6.22** However, competition to attract television drama remains extremely strong right across the world. While the Euro/Sterling exchange rate presently favours UK based production, the Republic of Ireland, as our nearest competitor, retains two compelling points of difference: that is, a tax credit at 32% (against the UK's 25%) and no budget threshold for the production³⁷. International competition remains ferocious; for example, in South Africa where the cost base remains low, television drama tax credits are available at 20% on expenditure for foreign productions, with potential for higher breaks if post-production takes place in South Africa or for co-productions with local companies –

³⁵ The Cartoon portfolio of market & sectoral development initiatives remains the most influential forum for animation content in Europe.

³⁶ See HMRC chart on page 45 on tax relief on High End Television Drama.

³⁷ Television Drama in the UK must cost £1 million per broadcast hour to qualify for the tax credit.



25% cumulative if post-production takes place in South Africa. In this context of this near and far competition, the Northern Ireland Screen Fund will always be required to attract and underpin television drama production in Northern Ireland.

- 6.23** While international factors are important, our own success and momentum remains the key market influence. The successes of *Game of Thrones* and *Line of Duty* continue to represent a compelling calling card for Northern Ireland as a base for television drama.
- 6.24** Northern Ireland Screen renewed its BBC Partnership which commits the BBC to similar levels of TV drama production in Northern Ireland as in the past 2 years³⁸ with a focus on returnable series³⁹. However, while the BBC NI Drama Commissioner post has been filled, this period of transition impacts negatively on the steady throughput of BBC commissioning. The BBC has also made a commitment to regional drama for Northern Ireland. Though modest, this should create opportunities for writers, directors and production companies.
- 6.25** The challenge for Northern Ireland Screen remains incrementally increasing the value proposition associated with the drama produced in Northern Ireland. While the overall spend has been very strong, Phase 2 must see an increase in writers, directors and production companies based in Northern Ireland featuring across the television drama slate. In an extremely conservative market, progress against these aspects is slow but the upward curve is clearly visible⁴⁰.

INTERACTIVE

- 6.26** The successful introduction of the UK Tax Credit for Video Games has made a very significant impact on the interactive sector. Combined with SEIS/EIS, which have been successfully utilised for video game development and production, the tax credit creates a healthy and robust financial environment for start-up companies and more developed companies.
- 6.27** However, it is a hugely competitive landscape with buyers always looking for new ideas and a diverse range of content which can stand out in a global marketplace. Northern Ireland developers have some advantages with access to an emerging talent base capable of producing high quality art and narrative experiences.
- 6.28** **At the top tier of the industry, the larger developers and publishers are on the lookout for high functioning teams that they can build partnerships with on projects with a potential to be a future acquisition target across a wide range of genres of content. The preference is for teams with a strong track record and the 'thing' that will make a significant impact in their business.**
- 6.29** **Encouraging and developing these 'high function teams' is our number one goal and effectively replaces our inward investment ambition. Of course, this is inward investment, just achieved differently.**
- 6.30** At the lower scale of the industry a number of digital only publishers have emerged offering completion finance to developers, typically with projects that are over 60% complete. This is a fantastic opportunity for our emerging group of talented developers, allowing them the chance to engage with the marketplace by utilising our early stage development finance.

³⁸ See BBC Television Drama Spend in Performance Section.

³⁹ The BBC/Northern Ireland Screen Partnership can be read here: <http://www.northernirelandscreen.co.uk/wp-content/uploads/2017/04/ni-screen-bbc-partnership-agreement.pdf>

⁴⁰ As well as the examples mentioned in the Performance Section, local writers featured on *The Frankenstein Chronicles* and Disney's *The Lodge* has a locally based producer.

- 6.31 Encouraging and developing content for these digital only publishers is our second target and we have to ensure that the Screen Fund is appropriately structured to engage with this market, particularly the fact that this means creating 60+% completed projects.
- 6.32 Digital distribution channels, especially on mobile, have become clogged with content, so significantly more effort needs to be made by developers to be more innovative with their use of technology, creative ideas and business models. This innovation is critical to attracting partnerships with the technology platform holders.
- 6.33 There is also pent-up interest in emerging technology platforms such as VR/AR, Internet of Things and Machine Learning with the hope of having first mover advantage where the market is not as saturated. However, without partnerships with key platform holders there is limited commercial support for these endeavours until the market matures.
- 6.34 Emerging platforms is the third key goal.

FACTUAL/ENTERTAINMENT

- 6.35 The global market for the right English language factual/entertainment content remains extremely strong, with formats - whether soft or heavily structured - still one of the most attractive commodities⁴¹.
- 6.36 While this sector has not seen the growth that the high-end television drama sector has, it is still a very large market. However, it is predominantly a volume market where the entry point for a viable sale can be 20 hours of material, not 2 x 30 minutes, making Big Mountain's *Genealogy Road Show* commission from Channel 4 and Waddell Media's BBC Worldwide & Channel 4 commission for *World's Most Expensive Cars* significant breakthroughs.
- 6.37 The challenge for Northern Ireland remains sustaining access to the international market. Securing exemplar projects in the UK network market remains critical to this ambition. While securing series at a network level in the UK market has been a sustained challenge for the sector over many years, there have been significant breakthroughs during Phase 1 including those from Stellify, Big Mountain, Waddell Media. Supporting these companies to push further will be key in Phase 2.
- 6.38 Northern Ireland Screen's partnership with the BBC has a commitment from the BBC to address its extremely poor track record in commissioning factual/entertainment programming from Northern Ireland⁴².
- 6.39 Channel 4, which has an equally patchy record of engagement with Northern Ireland's factual/entertainment sector, also has an increased interest in spreading its purchasing power wider across the UK having come under very considerable pressure from the government on the issue. Evidence of increased engagement is considerable with Big Mountain, Waddell Media, Double Band and Afro-Mic having received significant commissions from Channel 4 recently.
- 6.40 Northern Ireland Screen will continue to press both the BBC and Channel 4 on the legitimate expectation that the production sector here should be engaged with. We will also work to position the successes and talent with the sector more visibly for the London buyers.
- 6.41 Trade missions seeking to open up new markets in the USA will also be undertaken.

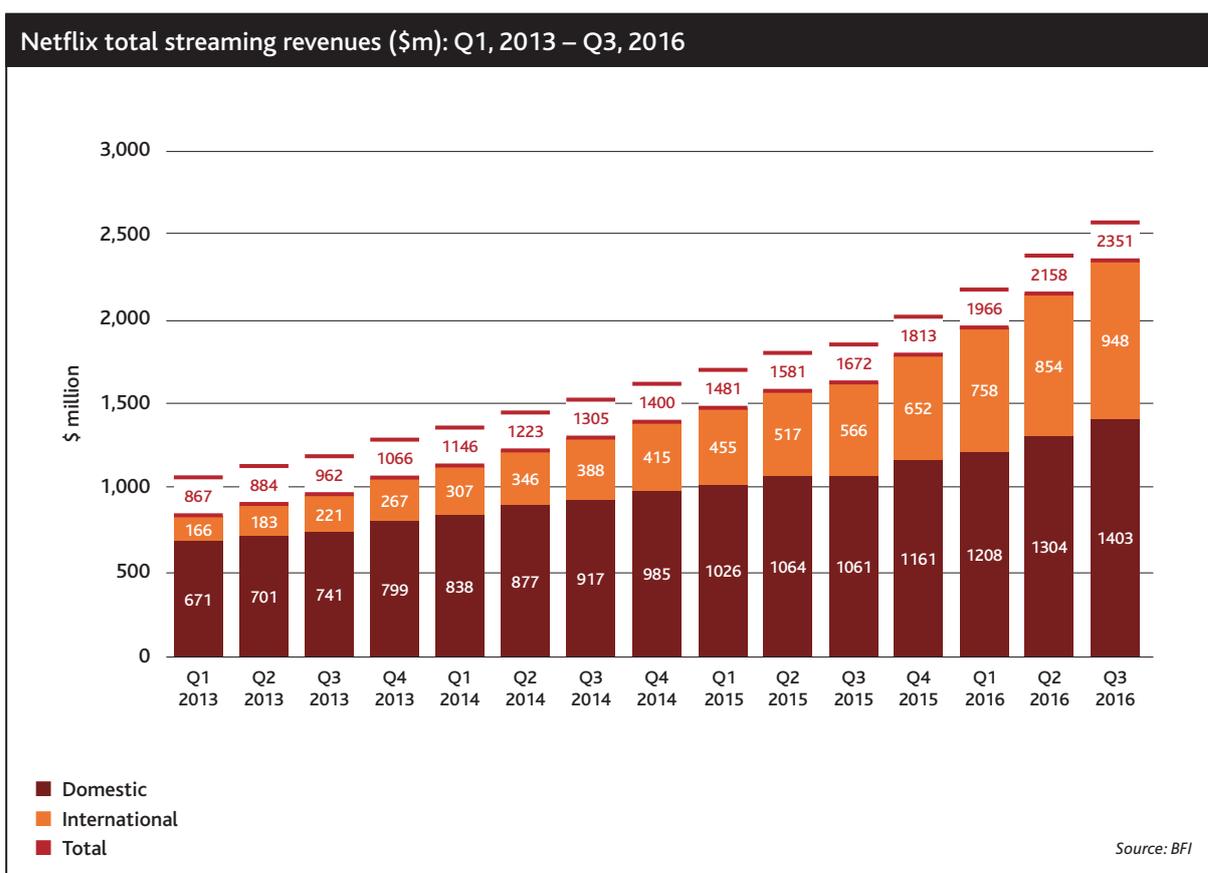
⁴¹ Content like Waddell Media's *World's Most Expensive Cars*.

⁴² Albeit the BBC commissioned Stellify's *Can't Touch This*.



INDEPENDENT FILM

- 6.42** Independent film production remains extremely difficult to finance with relatively limited sources of commercial funding and an ongoing dependence on public subsidy of various kinds. This situation is exacerbated in the UK where the public service broadcasters – BBC and Channel 4 – commit much less resource to independent film than in other European countries.
- 6.43** There is little sign of broadcaster revenues or international pre-sales – the two key commercial funding streams for independent film – strengthening in the near future. Instead, they continue to weaken, with the exception of the new platforms; particularly, Amazon and Netflix.
- 6.44** Local producers have had considerable experience of strong sales to Netflix; for example, *Bad Day for the Cut* and *Hostage to the Devil* both sold for fees that immediately made the projects profitable.



- 6.45** Despite the positive impact of Netflix, independent film cannot be the key element of any economic development or sectoral development strategy. However, it is the bedrock of talent development, not only for independent film but all scripted content⁴³, and it remains very important from a cultural expression and portrayal stand point. Accordingly, Northern Ireland Screen focuses its independent film resources on new talent and on local stories.
- 6.46** In April 2017, the independent consultancy Olsberg echoed the talent development point in a report for Pact⁴⁴:

“While the UK independent sector continues to produce the work of major film-makers and other

⁴³ Television Drama, Large-Scale, Animation, Children’s Drama.

⁴⁴ Producers’ Alliance for Cinema and Television is the UK trade body for television and film companies.

talents right through their careers, it is also notable that the sector is a proven talent escalator for new film-makers and actors. UK independent film enables new talent to rise, often to global prominence from where they may be in strong demand from US and international producers, as well as continuing to work in the independent sector.”

- 6.47 The extensive network of film festivals is still a very significant opportunity to showcase talent to the global screen industry. In recent years, Northern Ireland Screen has experienced talent being picked up by agents, and projects picked up by buyers as a result of successful screenings at Tribeca, Toronto and Sundance while Hot Docs, also in Toronto, has been influential for feature documentary producers⁴⁵.

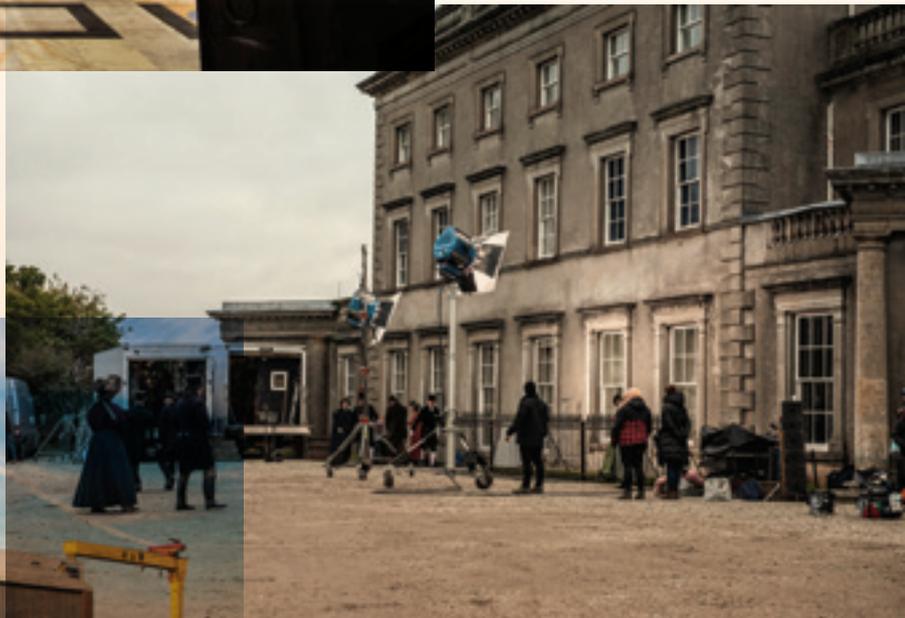
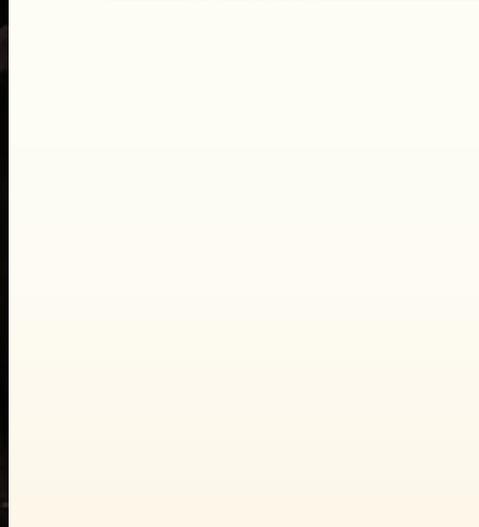
⁴⁵ Stephen Fingleton's *The Survivalist* was launched at Tribeca; Sundance led to *Bad Day for the Cut* being sold to Netflix; Hot Docs delivered the platform for Fine Point to sell *Mercury 13* to Netflix.

7. THE ECONOMIC STRATEGY: LARGE-SCALE PRODUCTION

- 7.1 In Titanic Studios and Belfast Harbour Studios, Northern Ireland has very attractive, predominantly purpose-built, studio provision for Large-Scale Production. Just as the film industry in the South East of England is focused on Pinewood and Leavesden, the large-scale production sector in Northern Ireland will be focused around these two facilities, and supporting their continuing success is a priority for Northern Ireland Screen.
- 7.2 Experience in attracting and supporting *GoT*, *Krypton* and the studio films *Your Highness* and *Dracula Untold* provides us with very clear evidence of the scale of intervention required to attract Large-Scale Production. The *GoT* cost/return chart illustrates clearly both the level of public incentive required to support projects of this scale in Northern Ireland and the scale of the value proposition.
- 7.3 It is the view of Northern Ireland Screen that the incentive levels below are the minimum necessary to support the volume of Large-Scale Production we aspire to.
- 7.4 It is unlikely that the extraordinary longevity of *GoT* will be repeated and we must assume that the sales and marketing associated with Large-Scale Production will be constant and will require considerable resource. For example, while there is much conjecture about spin-offs and prequels to *GoT*, and *Krypton* is designed to be a returning series, as things stand *GoT* is scheduled to vacate Titanic Studios in September 2018 and Warner Horizon's occupation of Belfast Harbour Studios ends in April 2018, therefore the first year of ODS2 could see us looking for new tenants/projects for both studios⁴⁶.
- 7.5 While we will require a constant sales and marketing focus on Large-Scale Production, we will continue to work with the British Film Commission which has been a helpful and supportive ally in attracting projects to Northern Ireland.
- 7.6 Regular presence in LA will be required⁴⁷ but will be augmented with a greater focus on London-based players in Large-Scale Production. We will also underpin this with a constant flow of 'good news' stories from the cast and crew working in Northern Ireland.
- 7.7 Given the extent to which crew shortages are the primary issue for Large-Scale Production worldwide, we will seek to showcase the training initiatives we develop that focus on Large-Scale Production. We have some evidence that this engagement with crew deficiencies can be a differentiator.
- 7.8 As before, the priority will be on attracting producers, line producers and studio executives to visit Northern Ireland. To this end, an appropriate recce budget will be made available and a budget comparison service and location booklet service will be more energetically promoted. These costs have first call on available marketing budget.

⁴⁶ Subsequent to writing this Strategy, Warner Horizon committed to a second season of *Krypton*.

⁴⁷ A permanent agency in LA has been rejected primarily on cost grounds but also due to the experience of other agencies.



SKILLS FOR LARGE-SCALE PRODUCTION

- 7.9** Appointment of trainees will be a pre-requisite of Large-Scale Production funding and we will work closely with incoming producers to maximise the opportunities to 'Step Up' a grade. We will target senior grades moving to HoD and HoDs from television drama or independent film moving into Large-Scale Production.
- 7.10** Engagement with Northern Ireland's emerging creative talent will also be required. A Director Shadowing scheme will be created to give directors with television drama and independent feature credits the opportunity to shadow directors of large-scale projects. Where possible, opportunities for writers with feature film and television drama credits to pitch to the studio or distributor's story department will be created.
- 7.11** As well as stepping up senior grades we need to promote talented crew in more junior grades to ensure the supply of credible crew continues and grows in the future. To this end we will create an Aim High style career acceleration programme under the banner Key Crew. The programme will recruit up to 6 mid-level crew members with the talent and ambition to be the department heads of the future (eg Line Producers, Location Managers, Construction Managers and Production Accountants). Participants will be placed on Northern Ireland Screen funded large-scale, television drama and independent film projects over two years and given training to cover core competencies.
- 7.12** We will continue to support company placements in companies that provide facilities and services to the large-scale projects and we will broaden out the number of placements and types of companies to offer a greater range of service development opportunities.
- 7.13** A new area of service provision that needs to be addressed is that of Studio Management. Northern Ireland Screen will recruit and train up to three individuals in film and television studio and facility management.
- 7.14** We will seek opportunities to get Ulster University GCI students and Northern Ireland VFX companies working on large-scale projects.

Year	Company	Project	Return (£)	Awarded (£)	Gross Ratio	Net Ratio
2018-19	UNKNOWN	2/3 projects	44,000,000	3,600,000	12.2	000
2019-20	UNKNOWN	2/3 projects	44,000,000	3,600,000	12.2	000
2020-21	UNKNOWN	2/3 projects	49,000,000	3,600,000	13.6	000
2021-22	UNKNOWN	2/3 projects	49,000,000	3,600,000	13.6	000
TOTAL			£186,000,000	£14,400,000	12.9	11.9

7. THE ECONOMIC STRATEGY: ANIMATION

- 7.15 Northern Ireland Screen will retain the key elements of the animation strategy delivered successfully during Phase 1.
- 7.16 In the context of our vision to be 2nd only to London as a hub for screen production, we will introduce an additional KPI to take at least 15% of the overall UK market for animation production.

FUNDING OF ANIMATION

- 7.17 Development and production funding, retained at similar levels to Phase 1, will be targeted at the cluster of 6-7 successful exporting animation companies already active in Northern Ireland. This is not to say that we would actively discourage an inward investing company but it acknowledges the strength of the cluster we have and the extent to which that cluster is attracting international production investment through the export of their content projects.
- 7.18 Development will be split roughly 50/50 between earlier stage slate development and pilot production. The level of funding and the split will vary year to year but should balance out over time to the overall levels indicated⁴⁸.
- 7.19 The average gross ratio will be set at 6:1 for the full period of Phase 2. Again, this is an average and projects may fall below this ratio where they have other compelling merit, but the return on these projects should be balanced out by projects above that ratio.
- 7.20 We see 8:1 as achievable in a minority of circumstances in support of service work but only if the incentive can be offered as a grant. In the service work market it is difficult for the production company to retain any equity in the project and by extension the standard Northern Ireland Screen Fund support mechanism cannot be utilised. Service work is important for skills development and continuity of work more generally. As such it remains a priority.
- 7.21 More generally, we remain concerned regarding the over reliance on pre-school content within our animation sector. Therefore, within development funding, we will prioritise projects targeting other areas; for example, comedy, arts and 7-11.
- 7.22 Northern Ireland Screen will retain its strategic intention to support animation in Derry~Londonderry.
- 7.23 Subject to the issues associated with Brexit, all Ireland co-productions will be encouraged, utilising RTE, the BAI's Sound and Vision Fund, IFB and the BBC alongside tax credits and Northern Ireland Screen. However, as before, interest in these projects will be dependent on international sales interest alongside the broadcaster interest from the UK and Ireland.
- 7.24 We will review and rationalise our equity position so that producers can comfortably sell it to

⁴⁸ There was considerable practical difficulty during Phase 1 due to a literal expectation that the figures in the Phase 1 strategy would be met exactly in each year. At times this difficulty was further exacerbated by the expectation to meet the exact figures both in cash terms and in commitment terms during each year.

financiers and broadcasters, confident that we would, in principle, honour the deal structure they are presenting.

7.25 As with children's drama, we are keen to support interactive content in support of animation projects. Where this is produced in Northern Ireland, animation ratios will not apply.

SKILLS FOR ANIMATION

7.26 While the company landscape within the animation sector is strong, there are considerable skills challenges. This is not surprising in a sector that has grown rapidly⁴⁹.

7.27 These skills gaps are not exclusively at entry level but appear evenly across the grades and areas of expertise.

7.28 Consistent across the whole of the Screen Fund, we will seek to ensure that the companies address skills gaps more strategically as a requirement of our production funding. We will sometimes assist them further in this challenge utilising our 'Stepping Up' fund to mitigate the risk of using new Heads of Department or by supporting shadowing or extra numeri trainees.

7.29 We will retain the Creative Animation Scheme as our primary talent development vehicle. The focus of this scheme has been redefined to focus exclusively on the showcasing of talent as opposed to project development. As with other areas – for example, short film – the barometer of success for the Creative Animation Scheme will be the winning of a BAFTA Short Animation Award.

7.30 Support for the animation degree at Ulster University will be continued with a focus on support for placements and recent graduates. However, we will keep under review the extent to which the misfit between the 3D skills being taught on the degree course and the 2D skills more immediately required in the local sector is undermining this logic. We will seek to engage with graphic design and fine art courses which will both include graduates with the skills and inclination to success within 2D animation.

MARKETING SUPPORT FOR ANIMATION

7.31 As with all the sectoral priorities, marketing support will be targeted specifically at the animation sector.

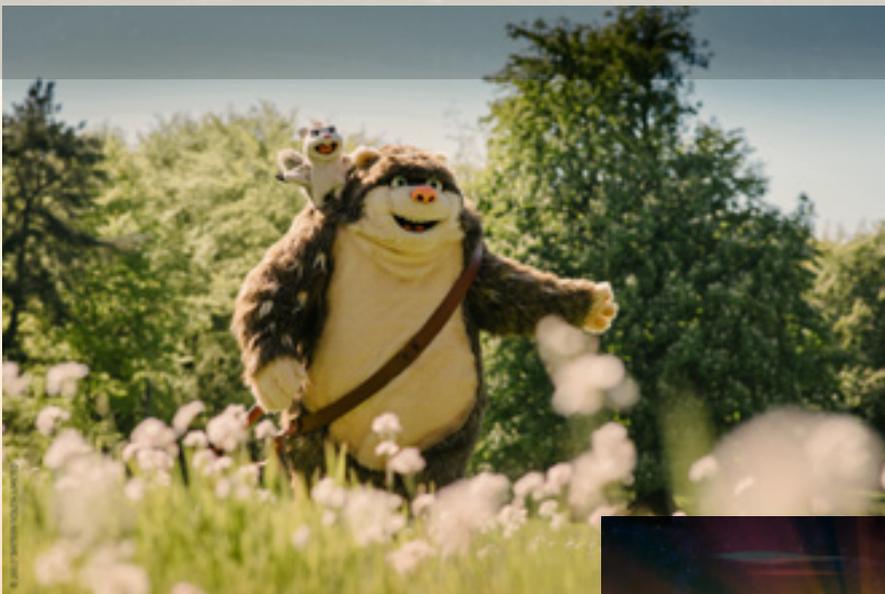
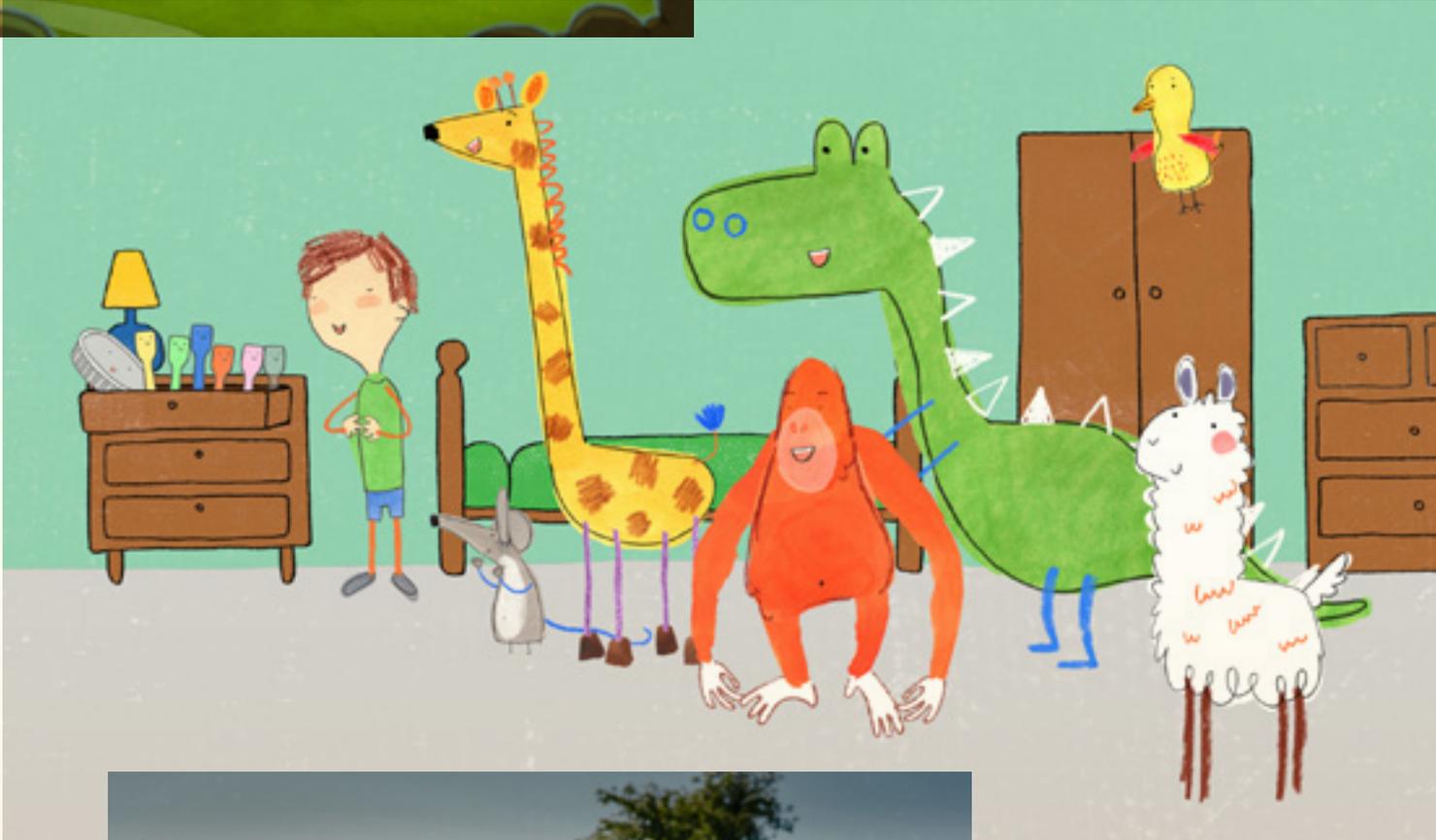
7.32 Assuming we cannot negotiate entry to Animation Ireland for local companies, we will begin to present the animation cluster as a single vibrant entity⁵⁰. The potential for this was strongly illustrated by the Cartoon Business conference in Belfast.

7.33 An animation sector trade mission to meet with a range of US broadcasters will be arranged. Should this be successful, direct trade missions may become a greater focus than market attendance.

7.34 However, we will continue to support attendance at key markets – Children's Media Conference, Cartoon Forum, Annecy, KidScreen. We will review the focus on MIP Junior due to the prohibitive costs, particularly as the appropriate destination for trainees and new entrants.

⁴⁹ Skills challenges are the key challenge for the animation sector worldwide. This is repeatedly reported in global surveys and by Animation UK.

⁵⁰ Animation Ireland is a strong brand but it is owned by Enterprise Ireland which is keen to collaborate but not engage Northern Ireland companies as members.



Animation Development Costs and Return 2018-22

Year	Fund	Projects	Awarded (£)	Conversion Rate
2018-19	Development	50/50 slate and pilots	200,000	1 in 5
2018-19	Development	Creative Animation	80,000	
2019-20	Development	50/50 slate and pilots	200,000	1 in 5
2019-20	Development	Creative Animation	80,000	
2020-21	Development	50/50 slate and pilots	200,000	1 in 5
2020-21	Development	Creative Animation	80,000	
2021-22	Development	50/50 slate and pilots	200,000	1 in 5
2021-22	Development	Creative Animation	80,000	
TOTAL			£1,120,000	

Animation Production Costs and Return 2018-22

Year	Company	Projects	Return (£)	Awarded (£)	Gross Ratio	Net KPI
2018-19	Production	2-4 projects	6,720,000	1,120,000	6	5
2019-20	Production	2-4 projects	6,720,000	1,120,000	6	5
2020-21	Production	2-4 projects	6,720,000	1,120,000	6	5
2021-22	Production	2-4 projects	6,720,000	1,120,000	6	5
TOTAL			£27,000,000	£4,480,000	6	5

7. THE ECONOMIC STRATEGY: TELEVISION DRAMA

- 7.35** The television drama sector has performed very strongly during Phase 1 and the primary focus in Phase 2 is to sustain the high level of economic return and the quality of the television drama being produced. While the Northern Ireland Screen supported drama sector has been very successful, both in partnership with the BBC and beyond it, the competition both within the UK and Ireland, and globally is very strong leaving no room for complacency.
- 7.36** The definition of success for the drama sector is sustaining the level and quality of production, with a significant increase in the influence and involvement of local production companies, producers, writers and directors within the sector.

FUNDING OF TELEVISION DRAMA

- 7.37** We will seek to attract television drama production from a balanced range of broadcaster commissioners, with the BBC remaining as the anchor.
- 7.38** In general, we will look for projects that have a significant international dimension already within the finance plan or, should the project be exclusively funded from the UK and Ireland, we will expect to sit very high in the recoupment waterfall.
- 7.39** For fully internationally funded projects, we will consider offering grant support as opposed to taking an equity position. However, where a grant is offered, the contracted spend ratio will be greater⁵¹.
- 7.40** We will continue to track the impact of the UK Tax Credit and target projects where we can have a disproportionate impact on the overall budget. In these circumstances, our involvement will be based on securing a minimum of 4 out of 6 of the key creative positions⁵².
- 7.41** Building one or two credible drama production companies in Northern Ireland is the key next step in the drama sector's development. The BBC partnership will be levered to pursue this aim and the development funding, at least in the first instance, will be exclusively targeted at this ambition.
- 7.42** We will retain our interest in children's drama, both with the BBC and beyond. We acknowledge that the ratios associated with children's television drama are unlikely to consistently reach the average for drama overall. Where the production company can deliver a minimum of 4 out of the 6 key creative positions from local talent, we will, if necessary, reduce the ratio for children's drama.
- 7.43** We will also look favourably at supporting Interactive content associated with children's drama and other added value content where it is produced in Northern Ireland. Drama ratios will not apply to this additional interactive content where the production company works with us to utilise this opportunity for either skills development in the case of behind-the-scenes material or interactive company development.

⁵¹ See for example the ratio for Disney's *The Lodge* which was grant supported.

⁵² *Derry Girls* is an example of this type of finance plan.



the fall

yellowmoon ●



the fall

yellowmoon ●

- 7.44 We will work with the BBC, both through the Writers' Room and the BBC NI commissioned regional drama, to identify new talent and to encourage opportunities for the talent identified.
- 7.45 Our assumption for all drama projects we support will be that pre-production, production and post-production occurs in Northern Ireland. We will consider co-productions where the value proposition, including the key creative elements, is fairly split across the partners and regions.
- 7.46 Where developed build spaces or studios are available in Northern Ireland – for example, Britvic or Blackstaff Studios – we will prioritise projects that can utilise them successfully.

SKILLS STRATEGY FOR TELEVISION DRAMA

- 7.47 We are encouraged by the recent positive trend regarding the use of local writers, directors and producers. In support of this new momentum, we will consider more favourable terms where a project has local writers, directors or producers.
- 7.48 Acknowledging that given the level of growth in the drama sector we have considerable skills gaps, we will introduce both a Stepping Up Scheme and a Shadowing Scheme designed to address these issues in the short to medium term.
- 7.49 Engaging constructively with closing our skills gaps will be a prerequisite to funding support from Northern Ireland Screen in all cases.
- 7.50 We will extend New Writer Focus – presently an independent film initiative – to include TV drama and comedy ideas and will target the delivery of a TV drama/comedy New Talent Focus project in each of years 3 and 4 of Phase 2.

MARKETING OF TELEVISION DRAMA

- 7.51 As an extension of our marketing activities in relation to Large-Scale Production, we will increase our engagement with the significant drama producers and focus strongly on attracting production associated with Amazon, Netflix, Hulu and BBC Worldwide.
- 7.52 We will also seek to support the story of the growing strength of the TV drama sector with trade media editorial and features and with, where appropriate, festival presence. This media management will focus on local talent. We will seek to extend London Readings to include television drama and comedy projects.

Development Costs and Return 2018-22				
Year	Fund	Projects	Awarded (£)	Conversion Rate
2018-19	Development	Up to 5 projects	150,000	1 in 5
2019-20	Development	Up to 5 projects	150,000	1 in 5
2020-21	Development	Up to 5 projects	150,000	1 in 5
2021-22	Development	Up to 5 projects	150,000	1 in 5
TOTAL			£600,000	1 in 5

Production Costs and Return 2018-22

Year	Projects	Return (£)	Awarded (£)	Gross Cost/ Return Ratio
2018-19	Up to 6 projects	11,000,000	1,650,000	6.7
2019-20	Up to 6 projects	11,000,000	1,650,000	6.7
2020-21	Up to 6 projects	11,000,000	1,650,000	6.7
2021-22	Up to 6 projects	11,000,000	1,650,000	6.7
TOTAL		£44,000,000	£6,600,000	6.7

7. THE ECONOMIC STRATEGY: INTERACTIVE

7.53 Northern Ireland Screen has 3 primary goals making up its interactive strategy for Phase 2:

1. Encourage and develop high-functioning teams capable of developing the exemplar projects that will attract inward investment, either in the form of support for their projects, outsourcing and work for hire or in the form of investing in their company;
2. Support emerging talent in their development of projects targeted at digital-only publishers where the projects have to be developed speculatively to around 60% completion;
3. Support opportunities in and projects utilising emerging platforms including those in virtual and augmented reality.

7.54 Within the context of these 3 primary goals, Northern Ireland Screen is continuing to seek and support exemplar projects that act as a beacon or inspiration for both new talent and investment.

7.55 However, it is very clear that more needs to be done to make the interactive sector more visible, particularly to new entrants and talent, and to potential investment.

7.56 On the understanding that the industry has a bright future and that programmes and pathways will be supported and promoted as part of a competitive global proposition, we will seek to get commitment from the universities to create a physical innovation environment which integrates the research and innovation process to form new products and services for commercialisation.

FUNDING FOR INTERACTIVE

7.57 To achieve this visibility and to create a focal point for the sector, we will establish **The Pixel Mill**, a co-working space that will provide:

- Accommodation for the teams involved in tiered **incubation programmes** listed below (teams that can evolve into the high-functioning teams sought);
- A highly visible point of interaction between universities/academics, the industry at all levels and government;
- Access to executive level support to navigate production, technical, creative, publishing, outsourcing, legal/finance challenges;
- A focal point for industry activities including seminars, workshops, hackathons.

7.58 The incubation programmes will be highly tiered, designed to provide very clear pathways into the interactive entertainment sector and link more strongly to those on university and college courses.

1. **Pre-start Programme:** A short series of workshops aimed at individuals interested in interactive entertainment and the creative technology sector.

2. Stage 1 Programme: A cohort-based development support programme, aimed at supporting business to develop their vision, build their teams, market their capabilities and navigate third party relations:

- Up to 12 months' free access to incubation space and facilities;
- Weekly coaching to address Business, Marketing, Operating and Production milestones;
- Invitation to apply to the Northern Ireland Screen Fund to develop projects that support agreed business goals;
- Pitch for platform, tech and marketing support;
- Access to extensive user testing facilities to gather feedback for projects;
- Opportunity to pitch for production funding of £100k through the Assembler programme.

Companies going through this programme will be engaged in attracting finance for their projects either through revenue, crowd sourcing or investment.

7.59 Attract, establish or partner on an accelerator programme, hosted in The Pixel Mill, aimed at revenue generating companies who can use development and production funding on existing terms and who are looking to raise equity or project finance and to bring original IP to market and secure work-for-hire and outsourcing opportunities.

7.60 Production funding will still be promoted to attract a potential anchor tenant but will increase its scope to attract large-scale projects to secure work-for-hire opportunities for local developers and be utilised to support development of local companies to secure large-scale investment or acquisition opportunities.

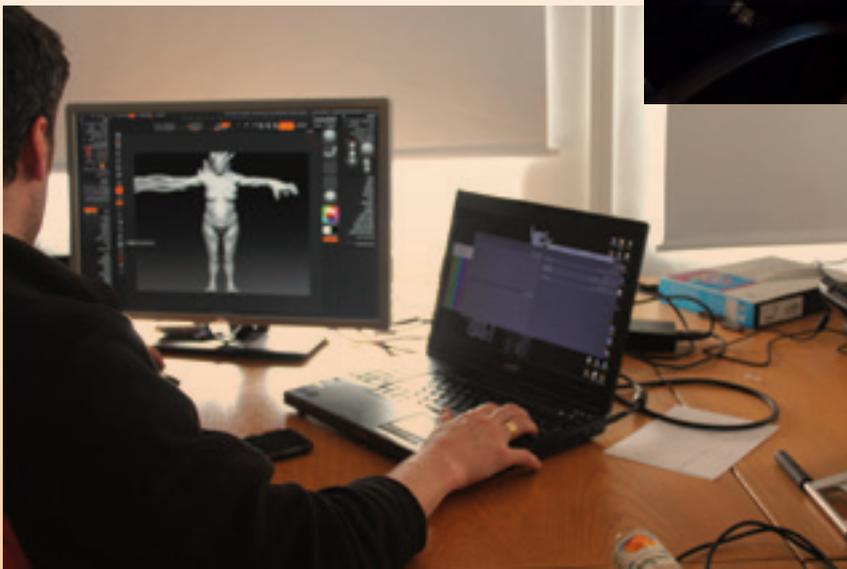
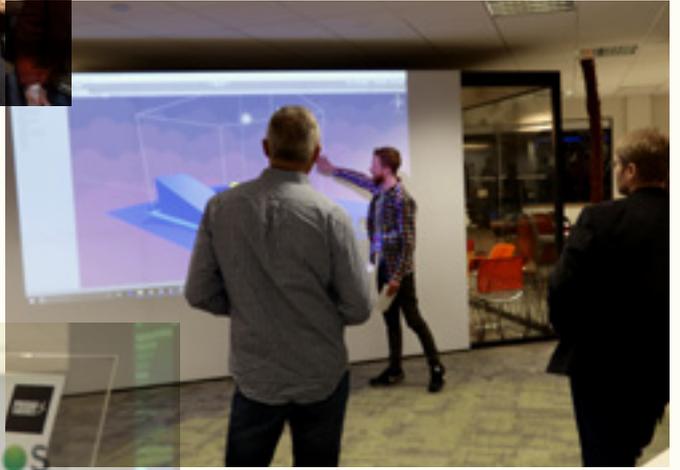
SKILLS FOR INTERACTIVE

7.61 The main skills challenges facing interactive can be identified as lack of depth of industry expertise in helping to grow sustainable interactive business and attracting and retaining talent in the competitive high-growth tech sector.

7.62 As part of The Pixel Mill approach, a mentor pool of global industry expertise will be recruited to support the growth of companies to navigate their production, technical, creative, publishing, outsourcing, legal/finance challenges.

7.63 To attract talent to the sector, new entrant schemes will be developed and promoted at an early stage to help identify and support the emergence of high-functioning teams and develop the next generation of industry leaders capable of delivering exemplar projects. This will include an **undergraduate** 6 month placement programme to identify the next creative, technical and business leaders and a **graduate support programme** – leadership development programme and IP creation followed by company placement, CEO shadow and UK/EU first-time market visit.

7.64 A support mechanism will be identified to help highly technical talent and expertise with transferable skills base to transition to the interactive sector.



MARKETING SUPPORT FOR INTERACTIVE

- 7.65** We will continue to offer targeted support for interactive attendance at key international markets such as Game Developers Conference, GamesCom and Game Finance Market. We will also seek to identify priority events where effective relationships with press and influencers can be established.
- 7.66** We will continue our collaboration with UK trade bodies such as UKIE and UK Games and Talent CIC and work with Games NI to support its sustainable growth as an independent representative body for the cluster.
- 7.67** An interactive trade mission to meet with a range of US-based decision makers at key publishers and platform holders should be arranged. Should this be successful, direct trade missions may become a greater focus than market attendance.
- 7.68** As part of The Pixel Mill approach, Northern Ireland Screen will work with the Ulster University and QUB schools and departments that are providing skills pathways relevant to interactive to raise their profile internationally and increase the volume of industry-related research.

Interactive Budget and The Pixel Mill Running Costs				
The Pixel Mill Set-up Costs	Year 1	2018-19		100,000
Development Awards	No of projects	Cost per award	Sub total	
Start	–	15,000	60,000	
Stage 1	Up to 10	24,000	120,000	
Assembler	1	100,000	100,000	
Stage 2 - Development	6	50,000	300,000	
Stage 3 - Production	Up to 3	100,000	300,000	
Total Cost				880,000
The Pixel Mill Running Costs	Year 1-4	2018-22		120,000
Total Cost				1,000,000
Skills	No of placements	Cost per placement	Sub total	
Mentor	5	10,000	50,000	
Boot camp	3	15,000	45,000	
Undergraduate	10	4,120	41,200	
Graduate	10	4,120	41,200	
Total Interactive Spend				1,177,400

Interactive Development Costs and Return 2018-22

Year	Fund	Projects	Awarded (£)	Conversion Rate
2018-19	Development	5 -10 projects - Stage 1	180,000	1 in 5
2018-19	Development	Assembler Production Award	100,000	
2018-19	Development	Up to 6 Projects Stage 2	300,000	1 in 5
2018-19	Development	The Pixel Mill - running costs	120,000	
2019-20	Development	5 -10 projects - Stage 1	180,000	1 in 5
2019-20	Development	Assembler	100,000	
2019-20	Development	Up to 6 Projects Stage 2	300,000	1 in 5
2018-19	Development	The Pixel Mill - running costs	120,000	
2020-21	Development	5 -10 projects - Stage 1	180,000	1 in 5
2020-21	Development	Assembler	100,000	
2020-21	Development	Up to 6 Projects Stage 2	300,000	1 in 5
2018-19	Development	The Pixel Mill - running costs	120,000	
2021-22	Development	5 -10 projects - Stage 1	180,000	1 in 5
2021-22	Development	Assembler Production Award	100,000	
2021-22	Development	Up to 6 Projects Stage 2	300,000	1 in 5
2018-19	Development	The Pixel Mill - running costs	120,000	
TOTAL			£2,800,000	

Interactive Production Costs and Return 2018-22

Year	Company	Projects	Return (£)	Awarded (£)	Gross Ratio	Net KPI
2018-19	Production	1 to 3 projects	1,000,000	300,000	3.3	
2019-20	Production	1 to 3 projects	1,000,000	300,000	3.3	
2020-21	Production	1 to 3 projects	1,200,000	300,000	4	
2021-22	Production	1 to 3 projects	1,500,000	300,000	5	
TOTAL			£4,700,000	£1,200,000	3.9	2.9

7. THE ECONOMIC STRATEGY: FACTUAL/ENTERTAINMENT

- 7.69** The target is to have **3 annually returning international or network shows** as an additional layer to the production currently taking place, with at least one show that is of a scale and strength to provide an anchor for the sector⁵³. Projects that will allow the production companies to look bigger in the marketplace when engaging with risk averse commissioners.
- 7.70** The sector needs also to engage more over the next phase with new markets, new models and new platforms. It will be important that our support mechanisms remain sufficiently flexible to deal with new financing models; for example, in relation to rights. And that we remain flexible in relation to return ratios where a new platform or model could be encouraged.

FUNDING FOR FACTUAL/ENTERTAINMENT

- 7.71** Development funding should be retained at £400k per annum. The value of this development funding is stronger than in other sectors: not only does it have a good conversion rate but the projects coming off the development slate more rarely require production funding.
- 7.72** The targets and approach to the development funding will remain the same. Cash match-funding is critical to larger awards, evidence of market interest is critical and the primary focus is on formats and other projects that can attract international sales as well as UK and Ireland commissions.
- 7.73** However, we must remain mindful that our business and legal model may have to be adapted to offer effective support in attracting opportunities in new markets or on new platforms.
- 7.74** The production funding allocated is modestly increased to reflect the significant number of companies that could wish to avail of this funding, and to acknowledge that there will be considerable demand for projects of cultural importance across this period. The cultural projects are unlikely to achieve our target ratio but will be balanced out by other projects.
- 7.75** Should a much larger project arise, as happened in Phase 1, we would salami slice the budget of other sectors to support it rather than drastically reduce this budget.

SKILLS STRATEGY FOR FACTUAL/ENTERTAINMENT

- 7.76** Aim High will be retained as the key skills intervention in Factual/Entertainment. We envisage running it twice across Phase 2.
- 7.77** As with the other sectors, there are many skills gaps at the higher levels including editors and directors. Everyone in receipt of a development or production award will be challenged to more actively assist in addressing these skills gaps and required to sign up to a Sectoral Development

⁵³ The way *Game of Thrones* anchored Large-Scale, *Line of Duty* anchored TV Drama, *Driftwood Bay* anchored animation (and *Can't Touch This* could have anchored Entertainment).



Charter which will include commitments to assist with skills development and to consider loaning out key expertise when under-utilised.

7.78 We will also apply the stepping-up and shadowing mechanisms we propose to introduce across the sectors.

MARKETING FOR FACTUAL/ENTERTAINMENT

7.79 The primary communication priority remains engagement with the PSB broadcasters, primarily the BBC and Channel 4. Continuing to apply pressure on the broadcasters to deliver their public remits as they apply to Northern Ireland as a place and as a creative hub.

7.80 Northern Ireland Screen will set up a number of targeted trade missions to new buyers – Amazon, Hulu, YouTube Red, Facebook as examples. These trade delegations will take precedence over Northern Ireland Screen’s presence at MIP and MIPCOM at least in the years that they occur.

7.81 We will also seek to position the factual/entertainment sector more strongly as a collective, utilising the trade media and our own social media channels.

Factual/Entertainment Development Costs and Return 2018-22				
Year	Fund	Projects	Awarded (£)	Conversion Rate
2018-19	Development	Slate and pilots	400,000	1 in 5
2019-20	Development	Slate and pilots	400,000	1 in 5
2020-21	Development	Slate and pilots	400,000	1 in 5
2021-22	Development	Slate and pilots	400,000	1 in 5
TOTAL			£1,600,000	

Factual/Entertainment Production Costs and Return 2018-22					
Year	Company	Projects	Return (£)	Awarded (£)	Gross Cost/Return
2018-19	Production	Up to 5 projects	1,200,000	300,000	4
2019-20	Production	Up to 5 projects	1,200,000	300,000	4
2020-21	Production	Up to 5 projects	1,200,000	300,000	4
2021-22	Production	Up to 5 projects	1,200,000	300,000	4
TOTAL			£4,800,000	£1,200,000	4

7. THE ECONOMIC STRATEGY: INDEPENDENT FILM

- 7.82** The strategy for independent film is focused very strongly on talent development. This focus on talent development inevitably suppresses the economic return from Independent Film as we primarily target entry and next step opportunities for local talent as opposed to incoming feature films. These lower economic ratios are justified across the strategy rather than exclusively in independent film; for example, if local directors are to be produced for TV Drama and for Large-Scale, we must develop them within Independent Film⁵⁴.
- 7.83** As well as re-affirming the focus on local new talent, we will formalise Feature Documentary as a key sub-category within Independent Film.

FUNDING OF INDEPENDENT FILM

- 7.84** While it is important that the actual levels of funding remain fluid between these 4 categories⁵⁵, at a strategy level Northern Ireland Screen will focus on 5 different types of project: that is, short films, first feature films⁵⁶, 2nd films and/or local stories, incoming independent features and feature documentary.
- 7.85** The £1.5 million per annum budget is indicatively split across these different types of projects in the Independent Film Production Costs chart below. The chart covers economic funding and does not include the Lottery Funding that will be applied during the strategy period to script development and short film production⁵⁷.

Short Film

Short film will continue to be our hunting ground for new indigenous writing, directing and producing talent. To reflect this we will continue to extend its focus into factual stories alongside fictional stories and through live action and animation. By offering structured, merit-based, opportunities we intend to develop this new and emerging talent to the point that it is of interest to the wider film, television and interactive industry across the sectoral priorities. A first step along this pathway is channelling talent towards the Shorts to Features Scheme.

Script Development

Script development will continue to be our hunting ground for emerging indigenous writers. To reflect this we will continue to extend its focus into children's drama, comedy and large-scale projects alongside independent film and television drama. By offering structured, merit-based, opportunities we intend to develop this emerging talent to the point that it is of interest to the wider scripted film, television and interactive industry. A first step along this pathway is channelling projects through to New Talent Focus which remains the priority alongside the development of 2nd features/local stories.

⁵⁴ Chris Baugh and Michael Lennox transferring from New Talent Focus to ITV's *Vera*, *Endeavour* and C4's *Derry Girls* illustrates this pathway.

⁵⁵ During Phase 1, the indicative figures for Sectoral Priorities became a contractual framework that was extremely restrictive and, at times, made it difficult to operate effectively.

⁵⁶ Through the long running New Talent Focus Scheme.

⁵⁷ The Lottery Funding is approximately £225k per year with the script development budget spread wider than Independent Film.

New Talent Focus

New Talent Focus has been extremely successful and will be maintained broadly unchanged. The key is being able to green-light the film as opposed to being dependent on a group of third party financiers/broadcasters/sales agents⁵⁸.

2nd Feature/Local Subject

The success of Independent Film in Phase 1 creates a demand for 2nd feature films which are often more challenging to finance than first features. Northern Ireland Screen has in principle agreement with the BBC and the Irish Film Board to develop a framework that could facilitate the production of this category of project.

Feature Documentary

Feature documentaries will continue as presently managed. The target is local companies engaging with international markets. Development cycles will be, as far as possible, tied into the festival cycle of Hot Docs, Sheffield and IDFA. Funding will not exceed £100k with a target investment of £50k.

Incoming Independent

It is important to retain an interest in the global independent film market. As well as delivering the return on production spend, this has a marketing/credibility⁵⁹ dimension and a skills transfer dimension. We hope to continue to attract 1 or 2 projects of interest per annum.

SKILLS FOR INDEPENDENT FILM

7.86 Most of Independent Film is skills focused and structured to create pathways for talented writers, directors and producers to come through.

MARKETING SUPPORT FOR INDEPENDENT FILM

7.87 The developed marketing of shorts films and scripts will be continued and refreshed where necessary. The target for short films and scripts remains agents, sales agents and experienced producers. We will also seek engagement from the BFI, Film 4 and BBC Films.

7.88 Marketing spend will follow the successful projects from the slate. For example, budget will be set aside to support projects like *Bad Day for the Cut* which attract considerable festival or market interest.

⁵⁸ Given that both *The Survivalist* and *A Patch of Fog* did attract significant 3rd party finance, we will remain flexible within the scheme based on the principle that we want to produce the films as quickly as possible.

⁵⁹ Due to the focus on a wide range of sectors, Northern Ireland Screen's independent film budget is small by comparison with most competitors including near neighbours Republic of Ireland, Wales and Scotland.



Independent Film Production Costs and Return 2018-2022

Year	Type	Projects	Return (£)	Awarded (£)	Gross Ratio	Net KPI
2018-19	New Talent	1 project	400,000	250,000	1.6	0.6
2018-19	Local/Talent	1-2 projects	900,000	450,000	2.0	1.0
2018-19	Feature Doc	3-4 projects	800,000	200,000	4.0	3.0
2018-19	Indie Prod	1-2 projects	1,600,000	400,000	4.0	3.0
2019-20	New Talent	1 project	400,000	250,000	1.6	0.6
2019-20	Local/Talent	1-2 projects	900,000	450,000	2.0	1.0
2019-20	Feature Doc	3-4 projects	800,000	200,000	4.0	3.0
2019-20	Indie Prod	1-2 projects	1,600,000	400,000	4.0	3.0
2020-21	New Talent	1 project	400,000	250,000	1.6	0.6
2020-21	Local/Talent	1-2 projects	900,000	450,000	2.0	1.0
2020-21	Feature Doc	3-4 projects	800,000	200,000	4.0	3.0
2020-21	Indie Prod	1-2 projects	1,600,000	400,000	4.0	3.0
2021-22	New Talent	1 project	400,000	250,000	1.6	0.6
2021-22	Local/Talent	1-2 projects	900,000	450,000	2.0	1.0
2021-22	Feature Doc	3-4 projects	800,000	200,000	4.0	3.0
2021-22	Indie Prod	1-2 projects	1,600,000	400,000	4.0	3.0
TOTAL			£14,800,000	£5,200,000	2.8	1.8

Independent Film Development Costs and Return 2018-22

Year	Fund	Projects	Awarded (£)	Conversion Rate
2018-19	Development	Split between fact and fiction	100,000	1 in 5
2019-20	Development	Split between fact and fiction	100,000	1 in 5
2020-21	Development	Split between fact and fiction	100,000	1 in 5
2021-22	Development	Split between fact and fiction	100,000	1 in 5
TOTAL			£400,000	

8. ECONOMIC TARGETS 2018-2022

Objective	ODS 1 Target	Outcome at Evaluation Mar 16	Forecast to end of ODS 1 Strategy	ODS 2 Targets 2018-22
Direct Spend Ratio	5.8	6.8	6.6	6.0
Economic Funding				
	£42.8m	£21m	£42.8m	£50m
Direct Spend	£250,000,000	£143,000,000	£282,583,417	£300,480,000
Direct NI Spend Ratio				
Large-scale production	10.6	14.6	13.8	12.9
Animation	6.5	3.9	5.1	6.0
Television Drama	6.0	5.8	7.0	6.7
Fact/Ent TV	6.0	4.0	4.3	4.0
Independent Film	3.0	2.0	3.1	2.8
Interactive	6.0	3.0	8.7	3.3
Development of Skills base - % NI residents working on productions				
Heads of Department	60%	60%	60%	65%
Crew	70%	71%	70%	75%