

24 January 2007

Department for Culture, Media and Sport

Films Branch (Creative Industries Division)

**GUIDANCE NOTES – 1 January 2007
SCHEDULE 1 TO THE FILMS ACT 1985**

For films starting principal photography on or after 1st January 2007

**For films starting principal photography before 1st January 2007, completing
after 1st January 2007 and subject to the transitional arrangements**

For further details on the new cultural test or to arrange a meeting to discuss a particular project please telephone Rebecca Greenfield, Head of Film Branch on 020 7211 6428 or e-mail: culturaltest@culture.gsi.gov.uk.

INDEX

PAGE NUMBER

CONTENTS

INTRODUCTION

APPLICATIONS

DEFINITION OF A BRITISH FILM

ACCOUNTANT'S REPORT FOR FINAL APPLICATIONS

STATUTORY DECLARATION FOR FINAL APPLICATIONS

Annex A: CULTURAL TEST FOR FILMS

INTRODUCTION

1. Schedule 1 to the Films Act 1985 sets out the application procedure and the requirements to be satisfied for a film to be certified as a British film. Obtaining certification of a film as a British film from DCMS is a condition for making claims to HM Revenue & Customs (HMRC) for film tax relief. In order to be eligible for Lottery funding a film must be wholly or substantially capable of satisfying the definition of a British film in order to receive Lottery funding from the UK Film Council (UKFC).

2. These guidance notes apply to an application for certification of a film for which the first day of principal photography is on or after 1st January 2007. They will also apply to films subject to the transitional arrangements to be set out in regulations made under section 52 of the Finance Act 2006, that is films which commenced principal photography before 1st January 2007, will complete after 1st January and are expected to pass the new cultural test (“transitional films”). A copy of the draft regulations is available on from the HMRC website.

3. The guidance notes issued in June 2006 apply to applications for films which began principal photography after 1st April 2006 and complete before 1st January 2007 and, pursuant to the transitional arrangements mentioned above, to films commenced principal photography before 1st January 2007, will complete on or after 1st January 2007 and are expected to pass the original cultural test.

Tax relief & Lottery Funding

4. Details about the new film tax relief are set out in Finance Act 2006. Please see: <http://www.hmrc.gov.uk/films/index.htm>. These guidance notes only relate to the requirement to pass the cultural test and are not relevant to the other criteria for film tax relief. Those criteria are administered by HMRC and have separate guidance please see <http://www.hmrc.gov.uk/films/draft-guidance/overview.pdf>

5. Full details about Lottery funding are available from the following:

<http://www.ukfilmcouncil.org.uk/funding/>

<http://www.scottishscreen.com/>

<http://www.filmagencywales.com/http://www.niftc.org.uk/>

Co-productions and EC certificates of nationality

6. These guidance notes do not apply to co-productions. Separate guidance notes are available from the DCMS website. Film-makers desiring British film status should consider before they make their film whether the Schedule 1 route is appropriate for their production. Applicants who would not satisfy the Schedule 1 route may find the alternative of international co-production more appropriate for a production.

7. When British films are exported (i.e. for distribution purposes) to other member States of the European Union an “EC certificate of nationality” may be requested. This is different from a certificate of a British Film. A note outlining how to obtain an

“EC certificate of nationality” is available on our web-site.

APPLICATIONS

Applicant

8. An application for certification must be made by the film production company. That is, a company that:

(a) is responsible: (i) for pre-production, principal photography and post-production of the film; and (ii) for delivery of the completed film;

(b) is actively engaged in production planning and decision-making during pre-production, principal photography and post-production, and

(c) directly negotiates, contracts and pays for rights, goods and services in relation to the film.

9. Company means a limited company within the charge of UK Corporation tax. Individuals, partnerships and limited liability partnerships cannot apply for certification.

10. There can only be one film production company in relation to a film. If there is more than one company meeting this description then the company most directly engaged in these activities is the film production company.

Interim certification

11. There is no requirement to apply for an interim certificate. However, an application must be made for such a certificate if a film production company wants to apply for film tax relief before the film is completed. An interim certificate will be issued before a film is completed if DCMS is satisfied that the film passes the cultural test based on the proposals set out in the application.

12. In relation to transitional films (see paragraph 2 above) DCMS can only issue interim certificates once the regulations made under section 52 of the Finance Act 2006 have come into force. These Regulations are scheduled to come into force in 2007. Meanwhile, DCMS will, if requested in relation to an application, provide a letter of comfort setting out whether we are satisfied that a film would pass the cultural test. We would then issue an interim certificate once the Regulations come into force.

13. The interim certificate will be valid for three years, beginning on the date specified on the interim certificate, as issued by DCMS.

Final certification

14. Final certificates will only be granted after the film is completed. Applications

for a final certificate should therefore never be submitted prior to completion of a film. A film is completed when it is first in a form in which it can reasonably be regarded as ready for copies of it to be made and distributed for presentation to the general public.

15. A film is completed when it is first in a form in which it can reasonably be regarded as ready for presentation to the general public. In the case of a film intended for theatrical release in the commercial cinema, this will normally be when it is ready to be delivered to a distributor even if, exceptionally, it is later sent back to the producer for changes. Normally, a film is completed when it is ready for delivery for presentation to the public. The condition which requires the film to be ready for presentation to the public will not fail to be met simply because the film does not achieve general release. The condition is that it must be ready for presentation, and not that it is actually presented. The situation may arise, for example, that general release is delayed for a period after completion or a suitable distribution deal may not be found for the film. Neither of these circumstances should prevent the film from being regarded as completed.

Application Process

Application forms are available on our web-site at: www.culture.gov.uk/creativeindustries/film/

or write to: Cultural Test, Creative Industries Division, DCMS, 2-4 Cockspur Street, London SW1Y 5DH

or telephone: 020 7211 6476

or e-mail: culturaltest@culture.gsi.gov.uk.

16. Please ask for the revised Cultural Test application form, which can be completed for: standard film, documentary or animation. Applicants should read these guidance notes when completing an application form. They should also check the legislation (Schedule 1 to the Films Act 1985 and new tax relief in Chapter 3 of Part 3 of the Finance Act 2006) to ensure that their film meets all the requirements. Incomplete or incorrectly completed applications lead to delay. The DCMS will provide guidance to applicants on any queries about the application process and the requirements in Schedule 1. We are happy to meet applicants to discuss projects. There is no charge for processing applications or for issuing a certificate.

17. DCMS will normally issue certificates within 21 days of the receipt of a fully completed application form. Applicants are advised that DCMS cannot guarantee that certificates will be issued by a particular date. Delays may occur where application forms are not properly completed or where it is necessary to seek further information. Where applicants are aware of a deadline by which a certificate will be required, they should submit their application in good time and attach information about the deadline. DCMS accepts no liability for any missed deadlines.

18. An applicant may be asked to provide supporting evidence and, where necessary, to arrange for the film to be seen by DCMS.

19. Where DCMS believes that an application fails to meet the requirements of Schedule 1, the applicant will be informed that the application may be rejected, and will be offered the opportunity to make representations to DCMS before a final decision is made. Rights of appeal are set out in paragraph 9 of Schedule 1 to the Films Act 1985. No aspect of the approval of any previous application should be seen as a precedent. DCMS considers each application on its own merits.

20. Completed application forms and additional documents (see the application forms for details) should be sent to DCMS at the address above. Do not email your application to DCMS.

21. Type or write the information required clearly using black ink. Do not use correction fluid. Amendments may be made by crossing out any error and initialling the change before the statutory declaration is made. Except where directed to, do not leave boxes in the application form blank. Where an applicant is not applying under a category please put N/A. Where an applicant is in doubt about production plans please enter what you think the correct information is by putting "to be confirmed" or "to be decided".

Information sharing

22. Information provided by applicants during the application process shall not normally be disclosed to third parties. However, DCMS may disclose information to the UK Film Council and HMRC.

23. In particular, DCMS will disclose information to UK Film Council for the purposes of preparing statistical publications about the British film industry www.ukfilmcouncil.org.uk and for the purposes of providing advice to DCMS as the Government's strategic agency on film.

24. HMRC may also disclose information to DCMS about information received for the purposes of obtaining film tax relief. For example, if HMRC consider that information they receive is inconsistent with the basis on which certification was issued or the information provided by the applicant to DCMS it may provide that information to DCMS. If we consider that this information constitutes evidence that a film which has previously been certified as British ought not to have been certified we will revoke the certificate. Such a film would no longer be eligible for film tax relief.

DEFINITION OF A BRITISH FILM

25. In order to be certified as a British film DCMS must be satisfied that the film passes the cultural test. The main cultural test is set out in paragraph 4A of Schedule 1 (as amended by the Films (Definition of "British Film") (No. 2) Order 2006). Alternative tests for animation and documentaries are set out in paragraphs 4B and 4C respectively. Annex A of these guidance notes set out the statutory framework of the revised cultural test and how DCMS intends to interpret and operate the tests.

26. A film will pass the cultural test if it is awarded 16 points out of a possible 31

points.

27. An applicant does not need to apply for all the points that it considers that it is eligible to be awarded and is only asked to fill in the points scored under the categories it is applying for. The applicant is also asked, on a voluntary basis, to provide estimated points they believe they would qualify for under every category. This will help DCMS to monitor the effect of the new test.

28. If, in the Department's opinion, the amount of work carried out in respect of any category under Section C (cultural hubs) of the cultural test is insignificant in relation to the total amount of work carried out in making the film no points shall be awarded in that category of Section C. Accordingly, the Department has discretion to disallow points. This will be handled on a case-by-case basis and is designed to exclude token amounts of work.

29. In the unlikely event that the applicant is submitting a series of films (such as a television series), DCMS should be consulted about whether the whole series can be treated as a single film (and about requirements for such applications) or whether separate applications need to be made for each part of the series (and about requirements for such applications).

Archive footage test

30. No more than 10% of the playing time may include parts derived from any other film unless those parts: (i) were made by the same Film Production Company (FPC) or producer; and (ii) had not been previously certified as a British film (including co-productions). In these guidance notes, for convenience, any such parts are referred to as "archive material". For the purposes of this test 'producer' means the person by whom the arrangements necessary for the making of the film were undertaken.

31. There is no restriction on how much of its own uncertified material that it has made a FPC uses. If a FPC is re-using material already used in one of its own films, and is unsure whether it had been certified, DCMS can be consulted about its list of films certified.

32. Sound from an old film can be used on the soundtrack of a new film. The 10% limit applies to visual images/pictures only, not to sound.

33. The Secretary of State can exercise discretion to waive the 10% rule where she considers that a film is a documentary and also considers that it is appropriate for more than 10% of that film to comprise archive material in the light of its subject matter. A documentary means a factual or realistic film based on real events, places or circumstances and intended primarily to record or inform.

34. The 10% limit will apply whether archive material is a main focus of a scene or incidental to a scene; whether the images are shown in a collage or in split-screen; whether the images are filling all or part of the frame or are framed by graphics; whether the images are showing in the background or the foreground, in close-up or

in longer shot; whether the images are altered in any way. Where the images are framed by a set or a prop in an incidental way (e.g. a scene with a cinema screen or with a prop television in the background) DCMS is unlikely to interpret this as contributing towards the 10%.

35. Common screen titles and credit sequences are treated as original material only on the first occasion on which an application for a part or series in which they appear is certified: if any subsequent series or part is put forward for certification with those common titles and/or credit sequences, they will be parts of a previously certified work: the 10% limit will apply.

36. The 10% rule is invoked if a FPC completes another FPC or producer's unfinished film (e.g. where a special purpose company completes a film begun by a parent company).

ACCOUNTANT'S REPORT FOR APPLICATIONS FOR FINAL CERTIFICATION

37. The Films (Certification) Regulations 2006 require that the final application includes a report to the Secretary of State prepared by a person who is eligible for appointment as a company auditor under section 25 of the Companies Act 1989. That is, a member of:

The Institute of Chartered Accountants in England and Wales,
The Institute of Chartered Accountants in Scotland,
The Association of Chartered Certified Accountants, or
The Institute of Chartered Accountants in Ireland;

The person preparing the report, in either case, must not be and must not have been at any time while the film was being made in partnership with, nor in the employment of the applicant and must not and must not have been at any time while the film was being made: (i) an officer or servant of that company, or, if that company is a member of a group of companies, of any other company in that group; or (ii) in partnership with, or in the employment of, any such officer or servant.

38. The person preparing the report must not have a conflict of interest at any time while the film was being made with the applicant. This includes (and is not limited to) the following examples:

Acting as the production accountant;
Raising or providing film finance;
Fees for client and recurring work must not account for more than 15% of gross practice income;
Having a mutual business interest with a client or their officers or employees;
Provision of other services such as significant valuations or acting for the client in adversarial situations.

39. However, that person may undertake the following activities:

Preparation of statutory Company Accounts;

Engagement as auditor to the FPC;
Reporting accountant to the Secretary of State on the Cultural Test;
Preparing and signing comfort letters;
Advice re EC certificates of nationality.

40. The accountant's report must verify the following information:

- (a) Total Film Budget.
- (b) Total UK expenditure.
- (c) Total non-UK expenditure
- (d) If the applicant is claiming for points under C1 for principal photography, the total number of days of principal photography and the numbers of days of principal photography carried out in the UK.
- (f) If the applicant is claiming for any points in the rest of section C, the total expenditure on the work in relation to which the applicant is applying for points to be awarded and the expenditure of that work carried out in the UK.
- (g) The nationality and ordinary residence of all persons in section D in relation to whom the applicant is applying for points to be awarded.

41. The report must also state whether, in the opinion of the person making the report, any point should be awarded under Section B of the cultural test.

42. Items (a) to (c) have the same meaning as the Finance Act 2006 (please see HMRC guidance at www.hmrc.gov.uk/films/draftguidance/overview/pdf) and therefore should be the same as the figures produced for an applicant's claim for film tax relief.

"Core expenditure" means production expenditure (expenditure on film-making activities in connection with the film) on pre-production, principal photography and post production.

"UK expenditure" means expenditure on goods and services that are used or consumed in the UK.

43. Item (g): DCMS expects applicants to provide auditors with copies of passports and/or other evidence of nationality and/or evidence of country of ordinary residence. DCMS recommends that, during the making of a film, records be kept of the nationalities/places of ordinary residence of all persons for which the applicant will seek to points to be awarded under Section D. DCMS is content for auditors to take account of decisions taken by HMRC or relevant foreign tax authorities in order to determine whether a person is ordinarily resident in the UK or a member State. It may be possible in some circumstances to obtain written confirmation of residency status from HM Inspector of Taxes or the relevant foreign tax authorities. Such evidence should be provided to auditors and a copy may be requested by DCMS.

44. The report should not be dated before the date of the application, as it is a report on the application. The original signed accountant's report on the accountant's own letter-headed paper should be addressed to: Film Certification Officer, Cultural

Test, Creative Industries Division, DCMS, 2-4 Cockspur Street, London SW1Y 5DH.

45. The report is not required for applications for interim certification.

STATUTORY DECLARATION

46. The Films (Certification) Regulations 2006 require the applicant to make a statutory declaration as to the truth of the particulars given in the application. (The independent auditor's report does not need to be covered by a statutory declaration.)

47. This statutory declaration may be made either before a practising solicitor, general notary, justice of the peace or other officer authorised by law to administer a statutory declaration under the Statutory Declaration Act 1835. He/she should be independent of the production and from anyone with a financial interest in the film. It is an offence knowingly and willingly to make a materially false statement in a statutory declaration.

48. A person making a false statutory declaration is liable on conviction to imprisonment for a maximum of two years (where conviction follows a trial on indictment), or a fine or both.

49. If the applicant wishes to make the statutory declaration while outside the United Kingdom, it should not be assumed that anyone they go to is authorised under the Statutory Declaration Act 1835 bearing in mind that this is a piece of British legislation. Applicants should make sure that their declaration will be valid. The British consul, British Embassy and the British High Commission is authorised to administer a statutory declaration for this purpose.

50. Where any additional sheets are submitted as an addendum to the application:

(a) mention of the addendum should be made in the appropriate place on the application form;

(b) each page of any addendum should be signed by the same person making the application, and signed and stamped by the person (e.g. solicitor) administering the statutory declaration to show that the addendum formed part of the application when the statutory declaration was made.

51. Once the statutory declaration has been made the application form cannot be altered without making another statutory declaration to cover the amendments. Therefore, where an applicant has any doubts about whether all of the form has been entered correctly, he may wish to seek independent legal advice or to submit the form to DCMS in draft for DCMS to check before the statutory declaration is made.

52. A statutory declaration is required for both applications for interim and final certification.

The Cultural Test for standard films is set out in paragraph 4A of schedule 1

The Cultural Test for a documentary is set out in paragraph 4B of Schedule 1. A documentary means a factual or realistic film based on real events, places or circumstances and intended primarily to record or inform.

The Cultural Test for an animation is set out in paragraph 4C of Schedule 1. An animation is a film where images are manufactured by hand, computer or otherwise on a frame by frame basis and where any performers photographed in the course of production do not appear entirely in person or move in real time on the final print.

The Golden Point Rule

The “ Golden Point Rule” applies if a film scores all 15 of the points available in sections C, D and A4: if it scores less than two points in section A1 and less than two points in section A2, it must additionally obtain the points in section A3 to pass the cultural test. If a film scores two points in section A1 or two points in section A2, it will not require the additional points from section A3 in order to pass the test.

Section A – Cultural Content

A1 Film set in the UK 4 points

4 points will be awarded if at least 75% of the film is set in the United Kingdom.
3 points will be awarded if at least 66% of the film is set in the United Kingdom.
2 points will be awarded if at least 50% of the film is set in the United Kingdom.
1 point will be awarded if at least 25% of the film is set in the United Kingdom.

A film is set in the UK if the story takes place in the UK. It does not matter where the film is actually shot. For the purpose of the test a film is set in the UK if it is set in any country (England, Scotland, Wales or Northern Ireland) which is now part of the UK.

A film that is set in a fictionalised version of the UK will be considered to be set in the UK. However, a film set in a purely fictional setting will not be treated as set in the UK.

This will be measured by counting the number of pages in the script which are set in the UK. One page of script is equal to one minute of footage.

A2 Lead characters British citizens or residents 4 points

Up to 4 points to be awarded depending on the number of lead characters that are British characters as follows:

1 point if one of the three lead characters is British;

2 points if one of the two lead characters is British, and
4 points if two or more of the three lead characters are British, or if there are only one or two characters and all are British.

A character is a British character if he or she is a British citizen or a person resident in the UK. A character who was a subject of England, Scotland, Wales or Northern Ireland prior to those countries becoming part of Britain or the United Kingdom will also be considered to be British for the purposes of the test. For example, Robin Hood was English but will be considered to be a British character for the purposes of this test. British character also includes any character who, at the time the film was set, was a British subject in the UK's colonial territories.

Where it is not immediately apparent from the film, applicants will be asked to explain why the character should be regarded as a British character.

The main characters will be determined by taking account of centrality and prominence of the character in the story. Applicants will be asked to identify the main characters and make the case for a character's centrality and prominence in the story.

For a documentary only: this may include the presenter, narrator, the subject or other contributors on screen.

A3 Film based on British subject matter or underlying material 4 points

4 points will be awarded if the film depicts a British story. A film depicts a British story: (a) if the subject matter of the film is British; or (b) if the underlying material on which the film is based is British.

In relation to (a) the subject matter is British, for example, if the film is about a British non-fictional event even though it is not set in the UK; or the film is about a British historical or fictional character. Applicants will be asked to make a case for how their film depicts a British story.

In relation to (b) the underlying material e.g. book, story, game, original screenplay, article is written by a British citizen or resident.

A4 Original dialogue recorded mainly in English language 4 points

4 points will be awarded if at least 75% of the original dialogue is recorded in the English language or in a recognised regional or minority language.

3 points will be awarded if at least 66% of the original dialogue is recorded in the English language or in a recognised regional or minority language.

2 points will be awarded if at least 50% of the original dialogue is recorded in the English language or in a recognised regional or minority language.

1 point will be awarded if at least 25% of the original dialogue is recorded in the English language or in a recognised regional or minority language.

The UK has 6 indigenous minority languages under the Council of Europe's Charter for Minority or Regional Languages (Scottish-Gaelic, Welsh, Irish, Scots, Ulster Scots and Cornish). This list may be updated as further languages are added under the Charter.

Original dialogue will be measured by the number of words spoken against the total number of words of dialogue in the script. Dialogue can include narration but not stage directions.

Total for Section A - 16 points

Section B – Cultural Contribution

Films play an important role in contributing to the promotion, development and enhancement of British culture. Section B (“cultural contribution”) in particular seeks to identify those films which make a significant cultural contribution over and above the cultural content assessed in the four categories in Section A. Section B will be assessed under three key categories: Cultural Creativity, Cultural Heritage and Diversity.

Points will be awarded as follows:

- Significant representation/reflection of British Cultural Heritage (1 point)
- Significant representation/reflection of British culture through a novel and creative approach to filmmaking (1 point).
- Significant representation/reflection of British Cultural Diversity:
 - 1 point for subject/portrayal
 - 1 point for other factors impacting on the final content

Two points may be awarded if a film can demonstrate it makes an outstanding contribution towards these factors. A maximum of 4 points can be awarded in the whole section.

Cultural Heritage

Britain’s cultural heritage is an important determinant of the British national identity. It is therefore important to preserve British cultural heritage on screen for audiences of the present and the future. British cultural heritage shapes a common understanding of representation of British people and their contemporary and historical culture. Points will be awarded for a representation of British cultural heritage. For example, a film which tells the story of a British historical event, but which might not necessarily be set in the UK – *Gandhi*; or the remake of a classic British film - *The Dambusters* or *Bridge on the River Kwai*. The issues handled by these films are an important part of

the unique British heritage and film can play an important role in ensuring they remain relevant to modern society – for instance by reaching a new younger audience.

More contemporary historical stories such as *The Mission*, entirely set in South America but with strong resonances for the development of British history, ethnicity and culture are another example of the relevance of British heritage to modern British culture.

The portrayal of heritage on screen is a key determinant of a culturally British film. Heritage also has the potential to be a catalyst for creativity in allowing unique interpretations of stories of British cultural heritage. Preserving cultural heritage builds the collective memory of the nation, establishing a sense of citizenship and the individual's place in the community.

A cultural test which values 'heritage' and which values British cultural perspectives, modern and ancient history and the interpretation of the past and the future is therefore a more accurate arbiter of culturally British filmmaking.

Points will be awarded based on the following determinants:

- a. Subject: does the film contribute to or reflect British cultural heritage? e.g. does the film explore a historical or imagined event whether or not set in the UK;
- b. Other factors relating to cultural heritage which can be shown to have an impact on the final content.

Cultural Creativity

Film is unique. It is able to communicate both the culture of the whole country as well as an individual's point of view. It has profound abilities to impact. The impact of a film and its success in communicating British culture can in large part be dictated by its creative approach. The success of a film in reaching out to particular groups or sections of society can be fundamentally influenced by the filmmaker's approach. Young people, for example, may respond in a more positive manner to the novel portrayal of British culture than an older film-watching generation. The ability of the filmmaker to tailor his / her creative approach to their target audience can have a profound effect on the film's cultural contribution and can therefore be a clear marker for a culturally British film.

Points will be awarded based on the following determinants:

- a. Subject: does the film's portrayal of British culture come as a result of a film makers creative approach? ie. The content is not necessarily dictated by a pre-existing work but is a creative, new interpretation of British culture;
- b. Other factors relating to creativity which can be shown to have an impact on the final content.

Cultural Diversity

The diversity of Britain is a celebrated feature of British culture and a key determinant of a culturally 'British' film is the communication of this element of our society. When we refer to 'diversity', we are recognising and attaching value to those aspects or dimensions of self and/or community identity relating to gender, ethnicity or national origins, religion or belief, age, sexuality, disability, social and economic background, for example; Bend It Like Beckham and Cloud Cuckoo Land.

An approach which values 'diversity' therefore values and encourages differences in attitudes, cultural perspective, beliefs, ethnic, ability, skills, knowledge and life experiences of people of diverse backgrounds living in Britain. The treatment of such diversity on screen is therefore an important determinant of a culturally British film.

Diversity also has the potential to be a catalyst for creativity and for stimulating cultural value by enhancing the range of stories to be told, the way they are told on screen, and levels of access and engagement in film culture for audiences.

Cultural diversity can directly influence the content and tone of a film; its sensibility and authority. Much has, for example, been written on the issue of the lack of women as directors, and the differing perspectives and sensibilities that women as directors bring to film.

Encouraging cultural diversity implies challenging preconceptions, assumptions and ways of working. It goes beyond simple equal opportunities and a recognition of difference and emphasises the potential creative connections that can be forged across different perspectives through access, inclusion, and collaboration – and the direct impact of these on the film as a cultural product.

Lack of diversity, on the other hand, has a potentially cooling effect on content, and a denial of wider access to producing content reduces the ability of local diverse communities to apply any influence over content, by bringing their cultural sensitivity or authenticity into play. It is necessary therefore that diverse communities have the opportunity to be engaged and actively contribute to reflect our position as a culturally diverse nation.

Points will be awarded based on the following determinants of diversity:

- a. Subject/Portrayal: exploring contemporary social and cultural issues of disability, ethnic diversity and social exclusion on screen; promoting and increasing visual, on-screen diversity;
- b. Other cultural diversity factors which can be shown to have an impact on the final content.

Section C - Cultural Hubs

Except for principal photography the amount of work on a particular film-making activity in this section will be calculated by the amount of expenditure on that work. In

order to calculate the proportion of the expenditure on a film-making activity that is carried out inside the UK it will be necessary to analyse production costs on the basis of where a person works on a film, where goods are supplied from and where the services are performed.

Where expenditure on a film-making activity is split between activity inside and outside the UK then the apportionment of expenditure must be made on a fair and reasonable basis. Normally we would expect this to be done on a time-basis calculated on calendar days. For example, a visual effects supervisor is hired (i.e. as part of expenditure on visual effects), and for a third of his time on the film works inside the UK, and two-thirds of his time outside the UK. One-third of his labour costs should be attributed to work inside the UK and two-thirds to work outside the UK.

Any living expenses of persons directly engaged in a cultural hub's work and incurred for the purposes of production (e.g. staying in a hotel in the UK) should be counted towards activity inside the UK; staying in a hotel abroad should be counted towards activity outside the UK. Any travel/transport costs will be considered as expenditure carried out in the UK if the travel began in the UK.

C1 Principal Photography/visual effects/special effects 2 points

2 points will be awarded if at least 50% of the work on any one of the following activities is carried out in the UK:

(a) **Principal photography.** Principal photography in the UK includes principal photography at any studio, location, warehouse or other place where filming takes place. It does not include any shooting done by second or other units. It will be measured by reference to the number of days spent of the work as set out in the shooting schedule.

(b) **Visual Effects.** Visual Effects means digital alterations to a film's images. That is, where individual frames of the film are created, recorded or manipulated digitally in a digital environment. Visual Effects activity includes, but is not limited to: pre-visualisation, concept design, data acquisition (motion capture, cyberscans, lidar scanning, set surveys, photogrammetry shoots), computer generated images (CGI), character / creature animation, colour correction, 2D compositing, 3D animation, 3D modelling, digital intermediate, virtual sets / studios, digital matte painting, lighting and rendering. However, it does not include the editing of a film.

(c) **Special Effects.** Special effects means artificial techniques or processes, which are not visual effects, used to create an illusion in a film. Special Effects include, but are not limited to: Miniatures, Animatronics, Prosthetics, Atmospheric, Mechanical Effects, Flying Effects, Pyrotechnics, Animation and puppets, Special Costumes, Action Props.

In addition:

For documentaries only: Work on research and development will also be eligible. 2

points will be awarded if at least 50% of the work on this activity is carried out in the UK.

For animation only: Work on shooting, visual design, and layout & storyboarding, will also be eligible. 2 points will be awarded if at least 50% of the work on any one of these activities is carried out in the UK.

C2 Music Recording/audio post production/picture post production 1 point

1 point will be awarded if at least 50% of the work on any one of the following activities is carried out in the UK.

(a) **Music recording.** This will not include source music. We consider that the performing and recording of the following qualify: a new piece of music composed for the film; or a new arrangement/score, of an existing piece of music, created specifically for the film.

(b) **Audio Post Production.**

(c) **Picture Post Production.** For the purposes of this test includes: auto picture editing, auto picture conform, picture grade, online picture edit, digital intermediate, telecine, film scanning/recording/master grading, restoration, negative processing, rushes prints, video rushes from the processed negative, copies of the HD camera original onto other video formats for editing, negative logging, negative cutting or scanning, shooting optical sounds negative, creation of a digital internegative, answer print from digital internegative or from the original negative, interpositive/internegative, check print, manufacture of the video deliverables (TV masters) from either the digital house or the telecine house.

For animation only: Work on voice recording will also be eligible. 1 point will be awarded if at least 50% of the work on this activity is carried out in the UK.

Total for Section C – 3 points

Section D – Cultural Practitioners

For the purposes of this test a qualifying person means a citizen or a person ordinarily resident in a member State, that is, a citizen or resident of:

- i) the UK (including citizens of the Isle of Man or Channel Islands),
- ii) any EEA state (Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Slovak

Republic, Slovenia, Spain Sweden, Iceland, Norway, Liechtenstein, Bulgaria and Romania)

To qualify in relation to a point a person must be a national of one of these countries at the time the film was being made. If a person holds dual nationality he/she may choose either nationality for the purpose of the test.

Ordinary residence has the following characteristics: it is a regular habitual mode of life in a particular place; it must be lawful; it must have been adopted voluntarily; it must be for a settled purpose; its continuity has persisted despite temporary absences; and it may be of long or short duration. HMRC and the Home Office have published guidance on what ordinary residence means. See:

http://www.hmrc.gov.uk/manuals/ntcmanual/eligibility_residency/ordinary_residence_uk_info.htm

http://www.ind.homeoffice.gov.uk/ind/en/home/laws___policy/policy_instructions/nis/l-p/ordinary_residence.html

Possession of a contract does not in itself mean that someone is ordinarily resident in the UK. Nor does a contract's terms about length of employment in the UK. Nor does paying someone throughout their contract where the person has received a contract for work in the UK. Nor does possession of a right of abode where abode may or may not be taken up from time to time. Nor does ownership of a house in the UK. Nor does marriage to a British spouse.

D1 Director 1 point

1 point will be awarded if the director is a qualifying person (or, if there is more than one director, the lead director) is a qualifying person.

Where there is more than one director, applicants will be asked to make a case for who is the lead director, except where there are joint and equal directors in which case an applicant may choose either to be the lead.

The lead director will be determined by taking into account factors including; the person who takes the credit in the film, the creative input and time spent working on the film.

D2 Scriptwriter 1 point

1 point will be awarded if at least one of the scriptwriters (or, if there are more than three, one of the three lead scriptwriters) is a qualifying person.

Applicants will be asked to make a case for who are the lead scriptwriters.

A scriptwriter will be determined by taking into account factors including; the person who takes the credit in the film, creative input on the script and time spent working on the script.

D3 Producer

1 point

1 point will be awarded if at least one of the producers (or, if there are more than three, of the three lead producers) is a qualifying person.

Applicants will be asked to make a case for who are the lead producers.

A producer is defined as an individual with decision-making authority who plays an active role throughout the pre-production and production of a film and assumes responsibility for the physical process of production and carrying through practical and financial arrangements for the making of the film.

D4 Composer

1 point

1 point will be awarded if the composer is a qualifying person (or, if there is more than one composer, the lead composer) is a qualifying person.

Where there is more than one composer, applicants will be asked to make a case for who is the lead composer, except where there are joint and equal composers in which case an applicant may choose either to be the lead.

The lead composer will be determined by taking into account factors including; the person who takes the credit in the film, the creative input on the original music score (not including source music) and time spent working on the score.

D5 Lead Actors

1 points

1 point will be awarded if at least one of the actors (or, if there are more than three, one of the three lead actors) is a qualifying person.

Applicants will be asked to make a case for who are the lead actors.

The lead actors will be determined by taking into account factors including; the number of days worked in front of the camera and the centrality of the actor's role in the film.

For animations only: this will include actors voicing characters.

For documentaries only: this will include the presenter, narrator, subject or other person who participates and appears in a documentary.

D6 Majority of cast

1 point

1 point will be awarded if at least 50% of the cast are qualifying persons. 'Cast' means all the actors and performers (including stunt men and women) but not extras who appear in the film.

For the purposes of this test 'extras' means: a person who appears in a film where a non-specific, non-speaking character is required, usually as part of a crowd or in the background of a scene.

For animations only: this will include actors voicing characters.

For documentaries only: this will include the presenter, narrator, subject or other person who participates and appears in a documentary.

D7 Key Staff 1 point

1 point will be awarded if at least one of heads of department who is a qualifying persons.

The heads of department are the lead cinematographer, the lead production designer, the lead costume designer, the lead editor, the lead sound designer, the lead visual effects supervisor, the lead hair and makeup supervisor. The head of the department is the person with responsibility for that department.

For documentaries only: the heads of department are the lead cameraman, the lead sound recordist, the lead editor and the lead researcher.

For animations only: the heads of department are the lead layout supervisor, the lead production designer, the lead character designer, the lead editor, the lead sound designer, the lead visual effects supervisor and the lead modelling supervisor.

D8 Majority of Crew 1 point

1 point will be awarded if at least 50% of the production crew are qualifying persons. Production crew means all the people directly involved in the production of a film who do not appear in the film. That is, people involved directly in the production and post-production of the film but not people involved in providing ancillary services e.g. caterers. Whether a person is in the production crew will be determined by taking into account factors including if he or she is contracted by the production company to perform services on the film; and if he or she have industry-standard on-screen credits and be recognised in the PACT/BECTU Freelance Rate Card.

Total for Section D- 8 points

Total for Sections A, B, C, D – 31 points.

