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RESPONSE TO THE SOUTHWOOD REPORT: DEVELOPMENT OR DISMANTLING

GENERAL POINTS

1. The Report makes a monetarist analysis of the grant aided video sector but normally in such an analysis the "requirements of the market", "what customers want", are held up as the ultimate standards against which good practice can be measured. The Sector, remember, consists largely of small enterprises striving to become small businesses.

In the case of the workshops, none of their clients have been asked their opinions of the service their workshop provides. This contradiction weakens the Report. If workshops' clients have not been consulted about service delivery or been given a chance to comment on criticisms made in the Report then the customers and the marketplace are being ignored.

Neither actual and potential markets nor the commercial competition are treated in any detail; little attempt has been made to treat the Sector as overlapping with the larger, mainstream industry.

2. "The aim ... to provide funders with strategic development plans or development options for the independent/community Film & Video Sector in London" (from the brief). We hoped this would result in identifying possible new markets and sources of funding or sponsorship. Recognition of "the financial context in which the Sector is placed including ..." has been covered, but constructive development solutions have not yet been proposed in any detail.

Market development for the Sector does not seem to have been addressed. An analysis of the market would try to see if there were gaps that Sector organisations could fill together with an indication of future earning potential if these gaps could be exploited. An example of a new market is voluntary and arts organisations making programmes about themselves, referred to by David Curtis at the 7th July meeting.

Although figures are given for grant aid and earned income in the Sector as a whole showing a current ratio of approx 2.5 : 1, the question of how the Sector might expand its base in the market and what a reasonable ratio of earned income to grant aid might be do have been ignored.

Funding development also seems to have been overlooked. An analysis would seek to identify new funding and sponsorship sources: particular trusts, industry bodies, manufacturers who have expressed an interest in contributing to the development of the Sector.

It is hard to see how development options, as opposed to dismantling options, can be properly considered without this information.

3. Recommendations (Options 1 & 2). Both these Options tie the majority of the Sector to a particular level in the marketplace without having researched whether that level is suitable or sufficient to meet the other defined objectives of fulfilling social purposes and increasing earned income. This unrealistic approach is likely to cause continuation of problems identical to those which have dogged the Sector over the last few years.

Our alternative proposal is described under Option 3 attached.

4. The economic analysis of Sector performance taken in isolation from the Industry is good but the social aims of the Sector and development options for social effectiveness seem to have been overlooked in the process e.g. A2C "Overall Issues" in the contents list has become "the Economic Basis of the Sector" in the Report.

5. Database. The audit section is quite thorough apart from errors, and will be helpful to sector groups if the database can be made available. How can this be done and what form is it in?
6. The Map and the Territory. In declaring a parallel Sector non-existent the author has mistaken the map for the territory. The argument as to whether the Sector is "parallel" or doesn't exist is specious. The Sector does exist and it partly overlaps into the mainstream. This is a simple, workable concept. The whole notion of getting rid of the "parallel Sector" is confusing and confused because this term is only a description for the resources and infrastructure that do exist, and what exists can be re-described without being abolished.
7. Technical grasp weak For an industry that is technology led, the consultant's grasp of the technology and its developments is so weak as to make the technical recommendations of the Report an unsuitable basis for technically based decisions.  
Although the brief refers to "implications of new technological developments" the report does not.  
It is a pity that the consultant was unable to have the draft corrected by a competent person as he has made some serious technical howlers e.g. page 43 and several other parts of the Report.  
This is unfortunate as it detracts, perhaps unfairly, from the overall credibility.
8. Premises. Any serious "strategic development" should include help in the acquisition of freeholds or long leasehold for resource based organisations cf. Regional Film Theatres.
9. 3 Year Funding For development to be possible forward funding must be for a minimum 3 year period otherwise business planning is not possible. Interim annual reviews should only cut off this funding in exceptional circumstances e.g. fraud.

OPTION 3 A FURTHER SOLUTION TO SECTOR FACILITIES

\* The functions identified by Southwood are sound (except that more functions could be added) but their allocation needs more flexibility.

For each high cost function e.g. broadcast hire, broadcast post-production, only one group should be supported in the short-term. This would give each group a stable source of earned income, and provide a more stable equipment base for the sector as a whole.

In the longer term this should not prevent other groups/satellites from taking on higher level functions provided they can be properly financed and market research shows that they will eventually be self-financing. The need for further capital funding would be removed thus releasing the money for other purposes.

Strategy should leave options open for workshops rather than close them off so that future, unexpected initiatives can be considered.

\* Build on what exists with selective funding. Groups with well developed existing specialities should be encouraged, as should the main multi-function groups. As development is based on existing organisations, there should be no problem with continuing to support the black, asian, women's and mixed groups to the extent that Funders can afford.

\* The number of groups to be funded could be defined by a small amount of market research into the needs of funders, the producers they support, and the self-financed production which is broadly speaking in the Sector's areas. (for more detail see our Detailed Comments re Page 88, para 2).

\* 3-year funding should be provided to the service side of the Sector using a variety of models from direct activity grants to incentive funding as appropriate. Voucher systems could be used for some parts of production funding.

\* All capital investment should be tied to development objectives for the funded organisation including, where indicated, rolling capital investment over e.g. a 3 year period intended eventually to result in financial self-sufficiency or alternatively to meet specified earned income targets. Investment should be tied to business and/or development plans arrived at in conjunction with funders.

\* The satellites would probably all need low cost shooting equipment and simple offline editing as these are generalised requirements, but each could be required to have a speciality alongside its other work, provided it was defined by the group itself and that there were a demand for it.

A speciality e.g. audio-for-video, computer graphics, hire of Betacam SP portables, post-production etc, would be seen as a London wide resource instead of half a dozen projects all competing with each other for a share of the same market.

\* All the facilities would be run to a high professional standard and "derive a substantial proportion of their income from commercial hire". This would present an opportunity for new talent to work at a higher level and take training courses on a higher level of equipment.

\* Premises. If the funders wish to create an infrastructure which gives access to the means of production, the draining effect of ever increasing central London rents should be taken into account and freehold or long leasehold premises should be bought, backed by soft arts loans. These premises could be used to secure DTI Development Loans. The collateral of permanent, tangible assets might be used to finance equipment purchase, and thus give organisations a sound financial basis to start development from.



Strategies for Future Development - Pages 82-94

Page 73 point 3 The voucher system is a good idea and should be used in the Sector!

Page 82, Points 1 to 3. These are well argued.

Page 83, B1B. (See also "The Map and the Territory" under General Points). The word "Sector" is OK. It does exist and could be called e.g. the Grant-Aided/Arts & Artists/Non-Profit Sector.

Page 83, B1B, para 6. There is an obvious contradiction between "no Sector" and "equipment pools".

Page 84, B1C. "... it only has any real meaning in its finished products, films or videos". This is true.

Page 85, B2A, para 2. One has to choose ones partners carefully. Presently Funders are major clients of workshops and can exert a high degree of leverage on a range of practices. In education, local government and the private sector, Funders are unlikely to be seen as major clients - their leverage will correspondingly reduced.

Page 86 (see also page 27). The funding of Trade Associations would be throwing money to the wolves.

Page 87, B2C. Equipment Pools. We agree that provision should be regional and that equipment pools should not be combined with production activities.

Page 88, para 2. Deciding on the levels of provision.

(i) The economic considerations. Where are the costings showing how much money is spent by funders on production? How many hours of what time on what facilities? How much of this expenditure presently benefits from access rates? How much does it cost to keep the access facilities going?

When these questions can be answered the economic basis for deciding the levels of provision can be set.

(ii) The social considerations. "Atmosphere" is often said to be important when selecting a facility where an artist or producer may work for long hours. The infrastructure of access which the inexperienced require, whether or not from the Sector, is not provided by the private sector and is not likely to be.

On these bases, relatively simple calculations can be done resulting in the right number of Sector facilities to provide a good service.

Page 88, para 5, Option 1. This idea benefits from the simplicity of centralisation. But centralisation usually brings with it a well-known set of problems. Unless well managed these will effect its performance. However well managed it will be an institution with all that this implies. It would mop up most of the available resources and could not convincingly be based on an existing group or groups without transformation of their legal structure and activities. On the plus side, it would have a high profile and so be better placed for getting sponsorship.

The satellites would inevitably be placed in an hierarchical relation to the centre and are described as if each were allotted just one activity or type of user. In a city the size of Bristol this might work but its too myopic a vision for London.

Page 89, para 2, Option 2. This seems to be Option 1 with no centre. Money that might support the Sector's infrastructure would instead go towards buying in broadcast facilities, though more might go to satellites than in Option 1.

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Page 89, para 3. The costing of both these Options is a little loose. It is hard to see why the costing of Option 1 is "made difficult". It should be a simple operation because it has to start from scratch. The costing of the satellites is vague and what Funders get for their money is nowhere indicated.

Page 89, para 5. New premises. What does the £100,000-£200,000 per premises purchase?

Page 90, point 2. Accreditation. Funders should pay to investigate what sort of accreditation is possible, but should not develop it in isolation from the rest of the industry.

Page 93, B3A. The funders' "development role". This term is as at least as loose as "access" and could do with a precise definition. Whatever else it includes, it should include fundraising from the private sector and acting as an introduction bureau for groups and sponsors.

Page 93, final 2 paras. It is clear that LBGC will not accept responsibility for equipment pools.

Page 94. If the BFI's only roles are standard setting, accreditation, training and marketing, this would seem to disregard its constitutional remit.

Page 94, last para. This should read "One Funder per well-defined activity per organisation".

P.S. Whatever happened to "Contract Funding"?

COMMENTS SPECIFIC TO FANTASY FACTORY

Page 24. "Only 5 groups were spending above 5% of their budgets on marketing..." according to our 88/9 Estimates used in compilation of the Report, our marketing spend was £5,751 out of a total Revenue Income of £71,494 (8%).

Pages 27-31. Working practices. We wish to disassociate FF from the description of working practices. Almost none of the remarks made in this section apply to us.

Page 33, last para. "No groups assist individuals to make the necessary contacts to have the production shown on TV". At FF we have kept a Print Reference Library for many years where people can come and look up this type of information. Use of the Library is free.

Page 39, A3B, para 3. Access. At FF Access is not for "... and anyone who cares to turn up". We have spent a lot of time consulting on who should have access at FF and we present a clear definition in our Terms of Business.

Page 40, para 2. User Logs. The usefulness of User Logs lie in the eyes of the beholder. FF finds them a useful management tool.

Page 40, point 1. Prioritising of access. The point is well made but at FF we are not confused.

Page 44, para 2. At FF we budget for equipment replacement, and maintain equipment carefully. We have longstanding arrangements with Quadrant Network, Marcom Systems, Convergenc Corp., Costronics and occasionally we use VET. We feel this mix gives us a good back up at the lowest cost.

Page 44, para 7. The longer working day. At FF we are presently open from 7am to 8pm or 12 noon to 9pm, sometimes working later on request. To support this 9 hour working day for our clients we already work a 10 hour day as standard. Its hard to believe that the standard working day will be set longer than this.

Page 48, para 7. Training. This forms a substantial part of FFs activity (£9,141, 11% of all income in 89/90).

Page 50, para 8. It is rubbish to say "with the exeception of VET no group consciously mixes commercially oriented training with that aimed at the Sector". FF has provided this type of training since our first UNESCO contract in 1976--long before VET existed.

Page 51, para 4. FFs premises are suitable for training, with teaching areas. Although there is no on-site catering there are dozens of cafes within yards of our front door.

Pages 51-53. Criticisms of Training Courses. We wish to disassociate FF from most of the comments made.

Page 73, point 3. Access at colleges. In our experience, certain colleges come to FF to make programmes promoting their own work because they don't have the skills and abilities to do it in-house. We hesitate to refer access users to colleges because on the whole colleges lack competent and willing technicians, are not open suitable hours and access is seen as a low priority.