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LEEDS CITY REGION BUSINESS RATES POOL JOINT COMMITTEE

7TH JULY 2022

SUPPLEMENTARY DOCUMENTS – AGENDA ITEM 9 - Grant funding to Screen Yorkshire LTD's Growth Plan including their Film Office

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Grant funding to Screen Yorkshire LTD's Growth Plan including their Film Office

Date: 7th July, 2022

Report of: Director of City Development, Leeds City Council

Report to: Leeds City Region Business Rates Pool

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

What is this report about?

Including how it contributes to the city's and council's ambitions

- This report recommends providing Screen Yorkshire Ltd with £144,000 in funding from the Leeds City Region Business Rates Pool, to support funding of their Yorkshire Growth Plan, particularly the costs associated with operating the Film Office during the programme's period, (2022/23).
- This funding will be 100% matched by the British Film Institute. The BFI funding has been specifically extended by 1 year due to Covid (2022/23) and the BRP Pool Committee is being asked to provide an additional year's funding on the same basis.
- Funding for Screen Yorkshire has been previously provided by the North and West Yorkshire Business Rates Pool for a period of three years at £175,000 per year (2019 / 22) but this support has now ended.
- This report sets out the activities of the SY LTD and its Film Office, its impact on the region's Film and TV sector and use of the proposed funding.
- Film and High End TV production spend increased by 121% to £235 million in Yorkshire and Humber from 2017-2019. In Yorkshire, the impact of Channel 4's decision to base its HQ in Leeds has had a positive effect on the region and the Film Office is seeing more enquiries result in more filming being undertaken. Production companies are moving to the region and capacity to film is also increasing, most noticeably by the opening of Leeds Studios in Leeds city centre in 2021 which has more than doubled the studio capacity in the city.
- The Film Office is a key enabler of Film / TV production in the region, in 2021 it supported 259 productions with their production enquiries and ongoing filming requirements.
- Demand for crew is high and Screen Yorkshire's Film Office advertised 515 individual job roles, resulting in 4844 days of work for regional freelancers in the twelve months from January to December 2021.

Recommendations

- a) To authorise the release of funds for Screen Yorkshire, which totals £144,000 from the 2021/22 Leeds City Region Business Rates Pool surplus. Funding will be used for SY LTD's Growth Plan including their Film Office activities which will be set out in a future grant agreement with Screen Yorkshire should this funding be approved.
- b) Subject to the agreement, Screen Yorkshire LTD will provide the necessary reporting to accurately monitor the use of funding and compliance with Subsidy Control requirements. The BRP further instructs the LCC's Chief Officer Culture and Economy to carry out the duties / responsibilities as specified in the agreement in respect of further monitoring arrangements.

Why is the proposal being put forward?

- 1 This report seeks approval from the Leeds City Region Business Rates Pool to fund Screen Yorkshire's Film Office, through a grant agreement created by Leeds City Council's Legal Services.
- 2 Screen Yorkshire is a private company which is limited by guarantee and has a track record of delivering and supporting Film and TV projects throughout the region. They were also a key partner in the successful bidding process for Channel 4's relocation.
- 3 The BRP has previously contributed funding to Screen Yorkshire of £175,000 each year for three years from 2019 to 2022. This application is separate to this previous funding and is for one year only.
- 4 As with the previous funding this will be 100% matched by the British Film Institute and will be used to support Screen Yorkshire's Growth Plan including their Film Office. The BFI funding has been specifically extended by 1 year due to Covid (2022/23) and the BRP Pool Committee is being asked to provide an additional year's funding on the same basis.

Main issues

- 5 The Film Office forms part of Screen Yorkshire's Growth Plan which is supported by the BFI, its key objectives are to deliver a comprehensive production service direct to industry to fuel regional sector growth and to support and develop production activity across the Film and TV industry in Yorkshire and Humber – working with production companies, key industry bodies, regional studios, and private and public sector organisations. Screen Yorkshire's Film Office continues to work proactively with key partner organisations and regional local authorities to deliver positive interventions on regional production across a range of key projects.
- 6 Film and High-End TV production spend increased by 121% to £235 million in Yorkshire and Humber from 2017-2019.

- 7 Screen Business, a report published by the BFI in December 2021 analysed film and TV production and video games development spend over the latest three-year period of full data, 2017-2019. UK-made productions generated £13.48 billion in overall GVA, a 23.7% increase between 2017 and 2019.
- 8 Direct spend on production generated a record £5.11 billion in 2019 across all screen sectors, up from £4.31 billion in 2017, including £59.7 million from high-end TV production (HETV) in Yorkshire and Humber; a 28% increase on 2017 and £48.4 million production spend on film, generating £143.9 million GVA in Yorkshire and Humber (a 107% increase in Y&H on 2017), making it the fastest growing region for film production during 2017-2019.
- 9 As production within Yorkshire continues to grow the importance of the Film Office within this eco-system remains, the first three months of 2022 saw a 9% increase in production enquiries on the previous quarter. In total 51 enquiries were made including 18 potential films and 13 TV dramas.
- 10 The aftereffects of Covid continue to cause challenges with several productions reporting positive cases, this has caused delays to the start of filming for new projects and crews being temporarily stood down on existing shoots - resulting in last minute changes to filming schedules. This has continued the trend of productions changing plans rapidly - the knock-on effect has meant less time for productions to source locations and secure filming permissions. Unforeseen challenges such as these have increased the need for the Film Office which has been able to support productions with trouble-shooting to ensure filming goes ahead successfully.

Crew / Facilities support

- 11 Demand for crew remains high in the sector. As of the end of March 2022 shortages of crew are equivalent to that seen during peak summer in 2021 reflecting the current high level of production activity. Shortages are across all grades but especially acute for production coordinators and managers, location managers, all art department crew and digital imaging technicians.
- 12 The Film Office offers a free Crew & Facilities Service to support regional employment and supply-chain companies. There are now more than 800 freelancers registered on the Crew Service and more than 80 companies on the Facilities Service. Plans have begun for a series of in-person and online Freelancer Forums to take place this year for members of the Crew Service and Trainee Hub. These forums will focus on key industry themes with guest speakers invited to attend. Screen Yorkshire's Film Office advertised 515 individual job roles in 2021 resulting in 4844 days of work from regional freelancers (12 months Jan-Dec).
- 13 The Film Office provides a service throughout Yorkshire with a distribution of location enquiries to key contacts in 21 Local Authority organisations.

British Film Commission

- 14 The Film Office supports the BFC's National Stage Space Development Strategy, including hosting a regional studio and set-build tour for the BFC to assess sites with potential for a major sound stage development. In addition to this the Film Office continues to facilitate BFC

production enquires and provide detailed monthly updates to BFC to support international inward investment projects of scale.

- 15 Filmed in Yorkshire, Screen Yorkshire's screen tourism initiative, designed to help combat the impact of Covid on the visitor economy, linking iconic Yorkshire locations and visitor attractions featured in Film and TV content to tourism. This project, originally planned for launch in Jan/Feb 2021 was deliberately brought forward to respond to the demand for domestic tourism. Its launch in September was planned to coincide with the UK transmission of All Creatures Great and Small (Channel 5) which was part funded by the Yorkshire Content Fund.

Film Offices UK

- 16 FO:UK is a network of the key UK Film Offices. Members meet quarterly to share best practice and work collaboratively on key issues to support filming. This includes the development of a location database to improve the UK's film offer.

Funding

- 17 The funding provided by the BRP will be used to support the continued operation of Screen Yorkshire and its work to attract the screen production into the region, stabilising the organisations financial position over the forthcoming year.
- 18 The latest audited accounts of Screen Yorkshire LTD report that in the year to 31st March 2021 the organisation operated with a small surplus of £79k, an improvement compared to 2019/20 of £43k. However, this surplus included funding from the 2019/20 North and West Yorkshire Business Rates Pool of £175k. The latest management accounts provided by Screen Yorkshire from January 2022 project a continued slight improvement in the organisation's financial performance with a surplus forecast of approximately £90k for 2021/22, but again this includes the final year of forward funding (£175k) from the 2019/20 North and West Yorkshire Business Rates Pool. With reserves standing at £823k in January 2022 the organisation appears to be an on-going concern with sufficient funding in reserve available to be able to meet about ten months of expenditure. However, the management accounts acknowledge that if funding were to be cut action would be required to reduce costs. In the context of the organisation being wound up sufficient reserves would be required to meet on going costs and to cover liabilities (such as any related to commercial contracts which need to be terminated (such as giving up a property lease) or to pay statutory redundancy for staff & either give them notice as required in their employment contracts or pay in lieu of notice.
- 19 It is proposed that continued support of £144k be made available from the Leeds City Region Business Rates Pool from its 2021/22 surplus, currently projected to be approximately £4.27m, to support salary and other costs of the Screen Yorkshire Film Office in 2022/23 maintaining the office's activities in the region.
- 20 Screen Yorkshire currently provides quarterly reports to Leeds City Council who will work with Screen Yorkshire to further develop their impact and evaluation processes and future funding streams.
- 21 Screen Yorkshire have stated that they intend to seek funding from alternative sources in future years, including from the West Yorkshire Combined Authority.

What impact will this proposal have?

Wards affected:

Have ward members been consulted?

Yes

No

22 As discussed above the Film Office will have a positive contribution on the Film / TV sector across Yorkshire.

What consultation and engagement has taken place?

23 Previous engagement has taken place with the Business Rates Pool including October 2021.

What are the resource implications?

24 Preparation of the grant agreement and monitoring will be resourced by Leeds City Council.

What are the legal implications?

25 As part of the EU-UK Trade and Cooperation Agreement (“TCA”), which governed the UK’s withdrawal from the EU, the UK has agreed to impose Subsidy Control rules in order to minimise distortion of competition. Interim rules are set out by the TCA and the Government has introduced the Subsidy Control Act 2022, which is expected to come fully into force later this year. The TCA and the Subsidy Control Act 2022 set out regime’s which define what a subsidy is and make it unlawful for public funds to be used to provide a subsidy unless the purpose the subsidy will be used for accords with a set of Principles or an exemption applies.

26 Certain services which the Film Office provides free of charge to production companies and other businesses will most likely constitute a subsidy to the recipients under both the TCA and the Subsidy Control Act. The TCA and the Subsidy Control Act 2022 each include an exemption which permits a recipient to receive a subsidy which does not exceed a certain limit (Minimal Financial Assistance). In order to ensure that the Minimal Financial Assistance exemption is validly applied, Screen Yorkshire will be obliged under the grant agreement to ensure

- i. a minimal financial assistance notification is provided to each production company receiving the service, and
- ii. the production company completes a minimal financial assistance confirmation form prior to receiving assistance to confirm that they are not in receipt of subsidies exceeding the relevant Minimal Financial Assistance threshold.

What are the key risks and how are they being managed?

27 Screen Yorkshire must retain appropriate information to govern the administration and use of funds which should remain accessible to Leeds City Council at all times.

28 Leeds City Council retains the right to claw back of funds in the event that grant agreement terms are breached or, if funds are surplus and are not required, or if it is determined that the funding to Screen Yorkshire is in breach of any Subsidy Control rules. This protects the Council by providing sufficient ability to collect funds back where agreements are not followed.

Does this proposal support the council’s three Key Pillars?

- Inclusive Growth Health and Wellbeing Climate Emergency

29 Growth in the Film / TV sector is regarded as a transformational project as set out in the Leeds Inclusive Growth Strategy 2018 – 2023.

Options, timescales and measuring success

What other options were considered?

30 Not providing funding would impact on the ability of the Film Office to provide its services and in turn impact the region’s Film / TV sector.

How will success be measured?

31 Screen Yorkshire currently provides quarterly reports to Leeds City Council who will work with SY to further develop their impact and evaluation processes.

What is the timetable for implementation?

32 The funding is for one year (2022/23).

Appendices

33 N/A

Background papers

34 N/A