

Report of BRP funding allocation – Year 2

Report to Chief Officer Economic Development

Date: 9 November 2020

Subject: Approval to issue the second year Grant Agreement to Screen Yorkshire following BRP application.

Are specific electoral wards affected? If yes, name(s) of ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Has consultation been carried out?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Will the decision be open for call-in?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Summary

1. Main issues

- Funding for Screen Yorkshire was agreed in 2019 and the BRP recommitted to funding for Years two and three (2020 – 2022).
- Since issuing year one funding the BRP Joint Committee approved the £175,000 grant on 16th January, 2020.
- As part of this approval the Joint Committee of the BRP asked Council officers to resolve outstanding issues related to State Aid rules. This was completed earlier this year and has resulted in Screen Yorkshire changing its practices to ensure there are no State Aid issues. Officers are now satisfied that the grant award will not have State Aid implications.

2. Best Council Plan Implications (click [here](#) for the latest version of the Best Council Plan)

- Supporting the Film and TV sector is highlighted in the Leeds Inclusive Growth Strategy – one of the main pillars to the Best Council Plan.
- However, it should also be noted this is BRP decision being administered by Leeds City Council and therefore, effects other local authorities.

3. Resource Implications

- The full funding comes from the Business Rates Pool.

Recommendations

- a) To authorise the release of year two (of three) funds in the grant agreement drafted for Screen Yorkshire, which is £175,000 from the Business Rates Pool. This is specifically approved by the business rates pool joint committee per the funding agreement for use in Film Office activities as per the grant agreement and Screen Yorkshire application.
- b) To note a future commitment of £175,000 being due, relating to year 3 costs of the Screen Yorkshire application. The North and West Yorkshire Business Rates Pool have agreed to fund year 3 (2021/22) costs from the NWY Pool, subject to a review of a supplementary application. However, this is not considered in the grant agreement which covers year two only.
- c) To instruct the Chief Officer of Economic Development to carry out the duties /responsibilities as specified in the agreement in respect of monitoring arrangements.

1. Purpose of this report

- 1.1 To seek approval from the Director of City Development for the Council to enter into an additional partnership agreement with Screen Yorkshire for year two funding, in an outline grant agreement created by Legal Services.

2. Background information

- 2.1 The Council has been working in partnership with Screen Yorkshire to deliver support to the creative sector (which focuses on TV and Film), as shown by Screen Yorkshire's success in bringing productions to the region and leading initiatives such as the Screen Skills Diversity Initiative.
- 2.2 Having used Screen Yorkshire as a key element in the successful bidding process for Channel 4's relocation, and in being a delivery Board Partner, Screen Yorkshire are an integral partner to the City Region. They sought funding from the Business Rates Pool to continue to deliver their growth plans benefitting the Region and now becoming increasingly necessary for the future creative ecosystem.
- 2.3 An application was made by Screen Yorkshire to access funding in the Business Rates Pool, which was approved by the Joint Business Rates Pool Committee, in March 2019.
- 2.4 The agreement committed funding for three years subject to new grant agreements being approved and any State Aid implications being resolved.
- 2.5 Year one funds for £175,000 have been paid.

- 2.6 Screen Yorkshire has submitted their progress reports for year one, which have been agreed with the Local Authority and for the final quarter supported 58 projects. The Film Office has continued to operate during the challenges brought about through Covid-19. On 6th March the Film Office launched an online crew and facilities survey to establish a baseline for the scale of the existing crew-base and facility companies in Yorkshire and Humber, this initiative will underpin the development of a full crew and facilities service in readiness for the return to regional film and TV production post lock-down. Continued funding remains important for the recovery and operation of the sector.

3. Main issues

- 3.1 The main issue for the Council in entering into a further partnership agreement and providing the funding is a potential liability associated with ensuring State Aid compliance. State aid is determined to be a factor when financial assistance is given by a government body to a beneficiary which may have the potential to distort normal market competition.
- 3.2 During the January 2020 Joint Committee meeting of the BRP a verbal update was given to the committee, and Members resolved to:
- “Note and approve the Screen Yorkshire grant application at Appendix A and to approve the release of funds to Screen Yorkshire as referred to at Paragraphs 3.6-3.10, this release of funds being subject to resolution of outstanding issues by Leeds City Council officers. The Joint Committee agreed to delegate final approval to the Chair of North and West Yorkshire Business Rates Joint Committee, if necessary in consultation with other Joint Committee members”*
- 3.3 The outstanding issues primarily related to State Aid rules. As lead authority Leeds City Council sought independent advice combined with our internal Legal Services team. The advice was submitted to the BRP as an appendix to the meeting scheduled to be held in March, but impacted by coronavirus.
- 3.4 The advice concluded that the activities of the Film Office would most likely constitute State Aid, however, State Aid can be acceptable under certain circumstances and any activity under €200,000 is classed as De Minimis State Aid and therefore permitted. As the recipient who benefits from any potential State Aid support provided by Screen Yorkshire will ultimately be the production companies they are the ones who are liable for any State Aid penalties. It is highly likely that all the aid given by Screen Yorkshire will be under the De Minimis threshold and therefore acceptable in each case. But in order to ensure that this De Minimis exemption is properly operated, Screen Yorkshire should be required to ensure each production company completes a De Minimis Declaration form to maintain accurate reporting.
- 3.5 As such it was recommended that this be a condition of the BRP monies and Screen Yorkshire has agreed to issue a De Minimis Declaration form to each production company it helps as part of their initial contact.
- 3.6 This new approach has been agreed by all parties as will be monitored by Council Officers as part of the Screen Yorkshire reporting.

4. Corporate considerations

4.1 Consultation and engagement

4.1.1 The Joint Business Rates Pool Committee has approved the release of year two funding, £175,000.

4.2 Equality and diversity / cohesion and integration

4.2.1 The proposed project within Screen Yorkshire, to continue the running of the film office aims to better connect the region with the global producers, advertising Yorkshire, and the Leeds City Region's filming locations to support increased production volumes across all genres.

4.3 Council policies and the Best Council Plan

4.3.1 In improving business competitiveness and encouraging business growth the project is consistent with a number of themes in the Best Council Plan 2015-20 and the Inclusive Growth Strategy.

Climate Emergency

4.3.2 The Film Office function doesn't impact on the Climate Emergency directly, but the sector does produce content to promote green initiatives and showcase the impact of climate change.

4.4 Resources, procurement and value for money

4.4.1 This is a Business Rates Pool application.

4.5 Legal implications, access to information, and call-in

4.5.1 Signing this agreement is governed by the Joint Business Rates Pool Committee members who have delegated approval for the use of funds.

4.5.2 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.

4.6 Risk management

4.6.1 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.

4.6.2 LCC 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. This protects the Council by providing sufficient ability to collect funds back where agreements are not followed.

5. Conclusions

5.1 The funding is a continuation of the previous BRP decision made in Year one.

5.2 Screen Yorkshires Film office offering helps to support growth across the city region for the Creatives (TV and Film offering). It represents an important part of the Council's Inclusive Growth Strategy as it enables Screen Yorkshire to lead and engage with businesses that leads to growth for the region.

6. Recommendations

- 6.1 To authorise the release of year two (of three) funds in the grant agreement drafted for Screen Yorkshire, which is £175,000 from the Business Rates Pool. This is specifically approved by the business rates pool joint committee per the funding agreement for use in Film Office activities as per the grant agreement and Screen Yorkshire application.
- 6.2 To note a future commitment of £175,000 being due, relating to year 3 costs of the Screen Yorkshire application. The North and West Yorkshire Business Rates Pool have agreed to fund year 3 (2021/22) costs from the NWY Pool, subject to a review of a supplementary application. However, this is not considered in the grant agreement which covers year two only.
- 6.3 To instruct the Chief Officer of Economic Development to carry out the duties /responsibilities as specified in the agreement in respect of monitoring arrangements.

7. Background documents¹

- 7.1 None.

Grant agreement to be provided from Legal services on request

¹ The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.