

Granting of business rates relief to 'Sister Pictures' in relation to the former Weetwood Police Station.

Date: 29th July 2021

Report of: Economic Development Manager

Report to: Chief Officer, Financial Services

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

- The council has the opportunity to support a major TV series, produced by Sister Pictures, locating in the city which will provide approximately £8m of local spend. The series may be recommissioned and will result in raising the profile of the city, increasing talent within the sector and bringing a currently vacant building in Weetwood back into use.
- Screen Yorkshire is supporting the production through its Film Office – part of which is funded through the North & West Yorkshire Business Rates Pool.
- Filming is due to start in the autumn and will last for approx. 31 weeks. The council will provide 9 months rates relief. The relief would begin on the date of occupation.
- The total rates payable is currently £140,800 (using the current value in the ratings list) for the year. Using this figure rates relief for 9 months would be valued at £105,600. A planning application is currently pending for a Change of Use for the site and following a positive outcome the property would be revalued from the date of occupation. The final rateable value is expected to be similar to the ratings list, however, there is a smaller, separate building on site that would not form part of the relief as it is not being occupied by the production and this may reduce the total value of relief.
- Supporting the Film and TV sector is highlighted in the Leeds Inclusive Growth Strategy – one of the main pillars of the Best Council Plan. As we move towards unlocking the economy and a return to normality throughout 2021 it is even more important to continue to promote and grow the Film / TV sector.

Recommendations

- a) To authorise 100% business rates relief for a period of 9 months beginning from occupation of the building by Sister Pictures, at the former Weetwood Police Station (West Yorkshire Police, 300 Otley Rd, Weetwood, Leeds LS16 6RG) in order to support the Film / TV sector in Leeds and promote inward investment and screen tourism.

Why is the proposal being put forward?

- 1 To seek approval from the Chief Officer, Financial Services to grant 100% business rates relief for a period of 9 months to Sister Pictures at the former West Yorkshire Police Station in Weetwood in order for a new TV drama series to be based from this location.

What impact will this proposal have?

Wards Affected:

Have ward members been consulted? Yes Adel & Wharfedale No

Background

- 2 The former West Yorkshire police station, 300 Otley Rd, Weetwood, Leeds LS16 6RG is currently vacant and the council has been approached by Screen Yorkshire who are assisting a TV production company (Sister Pictures) who would like to film a new contemporary police drama series in Leeds.
- 3 The subject site contains two buildings, namely the main former Police Station, set over 2 floors, c3,840 sqm which will be solely occupied by the production. There is also a second smaller single storey building to the rear which will be occupied by a separate business and is not subject to this decision.
- 4 Screen Yorkshire 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. The North & West Yorkshire Business Rates Pool provides funding to help run Screen Yorkshire's Film Office.
- 5 Sister Pictures is a successful UK production company known globally for high-end TV drama series including Chernobyl (HBO/SKY), Broadchurch (ITV1) Gang Of London (SKY) and The Split (BBC1).
- 6 Filming is due to start in the autumn and will last for approx. 31 weeks. The project has the potential to become a multi-series show over a number of years. There is no commitment to provide rates relief beyond the initial 9 months. Any future relief would need agreement and be at the discretion of Leeds City Council.

Main issues

- 7 The council is making major investments in the Film / TV sector to help support high levels of growth. The sector has expanded rapidly in recent years, and this includes the relocation of the HQ of Channel 4 to Leeds, a new purpose built Film Studios (Versa) which more than doubles the capacity in Leeds to film high end drama / TV, and new production companies who want to be based here. We are also growing our regional talent base, creating more courses, improving diversity and creating a strong eco-system for future growth.

- 8 In March this year the BBC announced a commitment for at least 60% of its network TV spend to be out of London - this is the first time that a clear majority of its UK-wide television commissions will be made outside of the capital. For Leeds this meant the Learning and Identity department would move to Leeds, as will a story team, which will be charged with finding “new, original and audience-focused stories.” This new production is evidence of the new BBC regional policy in action.
- 9 Discretionary business rates relief have recently been awarded on criteria agreed by Executive Board (22/6/16), that allows rate relief of 25% - 100% depending on circumstances. Due to impacts caused by the Covid-19 pandemic this policy is currently under review and as such applications are currently being made on a case by case basis until a new policy is agreed.
- 10 This production is expected to cost approximately £8m with a large part of that spend in and around Leeds contributing to the wider economy. It will bring a currently vacant building back into use and its operation will provide additional indirect employment to the local area. Productions of this size use many local services in addition to cast and crew such as security, taxi services, catering, accommodation / restaurants, locations and facilities. The series is also expected to be based in Leeds rather than a fictional area producing additional benefits through screen tourism and a raised profile for the city. The 31 week shoot will consist of a crew in excess of 70 people. As a BBC regional show, there is a commitment to look to the region first for any crew or suppliers, and locations are expected to be sourced within an area of 30 miles.
- 11 Screen Yorkshire is currently in discussion with the production to participate in the Beyond Brontës programme which runs until 30th September creating opportunities for potential placements/internships on the production up to that date subject to the availability of suitable candidates. Further discussions with the production to support local talent / students beyond 30th September are taking place including career opportunities for the graduates of the current Beyond Brontës Programme and also opportunities via other schemes including Connected Campus.

State Aid – Subsidy Control

- 12 The Subsidy Control Bill was introduced to Parliament on 30 June 2021, effectively replacing the traditional State Aid rules now that the UK is no longer within the EU. It sets out the government’s legislative proposal for a new UK subsidy control regime.
- 13 The Bill provides a legal framework for public authorities to award subsidies in line with subsidy control principles. There is a statutory duty for public authorities to consider these principles and only award a subsidy if the subsidy is consistent with these principles. Historically, the award of 100% business rates relief was considered likely to amount to State Aid and this is still the case for the Subsidy Control.
- 14 In a similar manner to State Aid, the new rules allow for De Minimis aid to be given to businesses up to a certain threshold. In the case of Small Amounts of Financial Assistance Allowance (SAFA) this is equivalent to approximately £332,000, but the precise amount can be accessed via the Special Drawing Right calculator:
https://coinmill.com/SDR_calculator.html

- 15 This allowance is cumulated with any subsidy from any source of public funding. Therefore, utilising this allowance may preclude a business accessing further support under this threshold over the next three years if they reach the limit. Small Amounts of Financial Assistance Allowance businesses will need to take into account all subsidies previously granted as De Minimis aid or as Small Amounts of Financial Assistance from any subsidy-awarding body during the current and two previous fiscal years.
- 16 It is the responsibility of businesses to ensure that before they accept public subsidy they ensure that they are eligible to do so under the UK government's subsidy control regulations. For more information please see www.gov.uk/government/publications/complying-with-the-uks-international-obligations-on-subsidy-control-guidance-for-public-authorities/technical-guidance-on-the-uks-international-subsidy-control-commitments

What consultation and engagement has taken place?

- 17 The Deputy Leader of Council and Executive Member for Economy, Culture and Education was briefed on this proposal on 23rd July and is supportive.
- 18 The Deputy Leader of Council and Executive Member for Resources was consulted on 27th July and is supportive.
- 19 The ward members for Adel and Wharfedale were briefed on 27th July.

What are the resource implications?

- 20 The inward investment, local spend and other less tangible benefits such as screen tourism and profile raising are considered to make this rates relief good value for money.

What are the legal implications?

- 21 There are no legal implications and the decision is not eligible for call in.

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

- 22 The council does not foresee any risk management issues with this application. It is time limited to 9 months.

Does this proposal support the council's 3 Key Pillars?

Inclusive Growth Health and Wellbeing Climate Emergency

- 23 Sister Pictures is committed to equality and diversity, the production will follow Albert's sustainable production certification. In addition to this Screen Yorkshire is working with the production in order to be part of the Beyond Brontës programme - which aims to address under representation within the screen industries, by breaking down the perceived and actual barriers that can prevent young people (aged 18-24) from diverse backgrounds starting and establishing careers within the industry.
- 24 Sister Pictures has its own environmental policy with a commitment to manage the environmental impact of all its activities and attempts to do so in a manner which reduces its impact (as far as is financially practical) using current technology, equipment and accepted 'green' practices. This awareness extends through the management of all Sister Pictures' subsidiary companies.

Options, timescales and measuring success

a) What other options were considered?

25 Not providing rates relief was considered, however, it is considered that the benefits of securing the high value production with all the benefits outlined above outweighed the loss of business rates revenue in this case.

b) How will success be measured?

26 Securing the TV production will result in approximately £8m spend with much of this remaining in the local area, as well as creating a high end drama series showcasing the city and giving valuable work experience to young people through our existing talent programmes.

c) What is the timetable for implementation?

27 The expected timeframe is August to April, but this may change slightly especially due to the continuing impacts of Covid-19 on the sector. The relief is time limited to 9 months beginning at the start of occupation of the building.

Appendices

28 N/A

Background papers

29 N/A