

CABINET MEETING – 22 MARCH 2022

EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

North East Screen Industries Partnership

Author(s):

Executive Director of City Development

Purpose of Report:

This report seeks approval to contribute to the North East Screen Industries Partnership region-wide development programme, and implementation of the associated Memorandum of Understanding (MoU) with the BBC.

Description of Decision:

Cabinet is recommended to:

- (i) Approve a financial contribution of £158,481 to be made via the North East Combined Authority (NECA) in respect of the development programme to be implemented during the 2022/23 financial year pursuant to the MoU from the provision for economic development within the approved capital programme;
- (ii) Authorise the Executive Director of City Development, in consultation with the Executive Director of Corporate Services and the Leader and Portfolio Holder for Dynamic City, to agree the associated Business Case and delivery arrangements relating to the MoU on the terms set out in this report in conjunction with NECA and its constituent local authorities, the North of Tyne Combined Authority (NTCA) and the Tees Valley Combined Authority (TVCA); and
- (iii) Authorise the Executive Director of City Development, in consultation with the Executive Director of Corporate Services and the Leader and Portfolio Holder for Dynamic City, to approve the terms of a Grant Funding Agreement with Northern Film and Media (as the regional screen agency) in respect of the 2022/2023 financial contribution alongside the equivalent contributions of the constituent local authorities within NECA.

Is the decision consistent with the Budget/Policy Framework?

***Yes**

If not, Council approval is required to change the Budget/Policy Framework

Suggested reason(s) for Decision:

A MoU was signed between the BBC and the North East authorities in September 2021. This sets out a partnership vision and mutual investment targets by BBC and the North East authorities over the next five years to promote the development of region's cultural and creative industries, through the strategic development of the local TV and screen industry and skills. In order to deliver the required step-change in the growth of the screen industries sector across the North East it is essential that investment is committed by all of the North East authorities as a whole to deliver a sustainable eco-system.

Alternative options to be considered and recommended to be rejected:

The alternative option would be to not support the regional funding proposal. However, this would be contrary to the strategic objectives and targets of the North East authorities and the BBC through the MoU to promote the region's TV and screen industry and skills.

Impacts analysed:

Equality Privacy Sustainability Crime and Disorder

Is the Decision consistent with the Council's co-operative values? Yes

Is this a "Key Decision" as defined in the Constitution? Yes

Is it included in the 28 day Notice of Decisions? Yes

NORTH EAST SCREEN INDUSTRIES PARTNERSHIP**REPORT OF THE EXECUTIVE DIRECTOR OF CITY DEVELOPMENT****1.0 Purpose of Report**

- 1.1 This report seeks approval to contribute to the North East Screen Industries Partnership region-wide development programme, and implementation of the associated Memorandum of Understanding (MOU) with the BBC.

2.0 Description of Decision

- 2.1 Cabinet is recommended to:

- (i) Approve a financial contribution of £158,481 to be made via the North East Combined Authority (NECA) in respect of the development programme to be implemented during the 2022/23 financial year pursuant to the MoU from the provision for economic development within the approved capital programme.;
- (ii) Authorise the Executive Director of City Development, in consultation with the Executive Director of Corporate Services and the Leader and Portfolio Holder for Dynamic City, to agree the associated Business Case and delivery arrangements relating to the MoU on the terms set out in this report in conjunction with NECA and its constituent local authorities, the North of Tyne Combined Authority (NTCA) and the Tees Valley Combined Authority (TVCA); and
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3.0 Background

- 3.1 In early 2021, the BBC published a pan-UK commissioning strategy – ‘The BBC Across the UK’ – and announced its commitment to increase out-of-London production by 10% by 2028 (equivalent to £700m of expenditure). This strategy sets out to ensure increased representation of communities throughout the UK across all BBC platforms and increase commissioning spend in the nations and regions.
- 3.2 A Memorandum of Understanding (MoU) between the BBC and the North East region as a whole was signed on 22 September 2021 following discussions and agreement with the three Combined Authorities and individual local authorities across the region. This sets out the BBC’s intention to invest up to £25m over 5 years into regional programming and content and a region-wide target commitment to seek to commit £11.4m to support creation of a sustainable screen industries eco-system over the same period of time.

- 3.3 The MoU sets out a series of shared ambitions and established a new North East Screen Industries Partnership (NESIP) between the BBC and the North East local authorities as a new partnership initiative through which a co-ordinated regional Screen Industries development Programme can be funded and delivered. Signing of the MOU followed a period of engagement with the BBC and partners across the region, co-ordinated by Northern Film & Media (NFM) which is the North East's not for profit regional screen agency.
- 3.4 Development of the MoU with the BBC, and the targeted implementation arrangements now proposed across the region to catalyse development of the screen industries sector, reflect both the scale of opportunity represented by the growth of the UK's screen industry and the relative lack of investment across the region in the sector in recent years.
- 3.5 The UK's screen industry is flourishing, generating a Gross Value Added (GVA) of £6.1 billion in 2016 and representing growth of 140% over the past ten years. Turnover in the industry has also significantly increased over this timeframe growing from just over £6bn in 2008 to over £14bn in 2017. There is huge potential to grow the sector locally by capitalising on the rapid expansion of the industry at UK level, while the re-location of Channel 4 to Leeds is opening-up new opportunities for North-East-based companies. The growing interaction between film, TV & screen, and gaming & virtual reality (VR) is also catalysing new opportunities for UK creative content businesses.
- 3.6 Over a decade of low or no investment in screen sector support and infrastructure and a lack of a regional production fund to attract new investment, combined with major programming cuts made by broadcasters in 2008 has left the North East as one of the smallest screen sectors in the UK. Less than 2% of content produced in the UK is made in North East and just 0.9% of production and post-production industry companies are based here.
- 3.7 Regional data on the sector and its impact is currently limited. Development of robust regional data will be critical as the North East Screen Industries Partnership moves forward. In the interim, data and research commissioned by the BBC, British Film Institute and the Liverpool City Region Film Office has been used to identify anticipated economic impact as follows:
- BBC spend in the Nations and Regions has an economic multiplier effect of 2.63 for every £1 of spend.
 - The average medium-sized production spends the majority of its budget (circa 67%) on 'non-screen' activities, including construction, professional services, logistics and hospitality & leisure.
 - In the Liverpool City Region £7 was generated in the wider economy for every £1 investment via the production fund, which drives demand for and supports the growth and sustainability of local supply chains, talent development pipelines and the visitor economy.

- 3.8 As an illustration of the impact of one area of delivery within the region, in the first year of a three-year project with Northern Film and Media in Tees Valley (January to December 2019), approximately £1.4m was spent by visiting productions in the Tees Valley with a total of 62 days filming. Film and television delivered 16,086 days of work for people in the area employed as actors, supporting artists and crew. This has been calculated by the project as equivalent to 94 full-time jobs against a baseline of zero as, prior to the commencement of the project, Tees Valley-specific production data was not captured. Data provided by Northern Film and Media identifies a range of outcomes as part of the Tees Valley project to date: £ 1.4m production spend in 2019 (as above); an increase in crew of 86% (57 experienced crew now available); an increase in filming locations ready for filming of 62% (96 locations now available); 165 entry professionals supported; 85 businesses supported; 436 attendees at events.

4.0 Current Position

- 4.1 Implementation of the MoU will be taken forward through a new Screen Industries Development Programme. This is designed to maximise opportunities for significant growth of the screen industries sector across the North East to enable the development of a thriving and sustainable ecosystem, in line with strategic economic development goals across the region, which will increasingly attract additional private sector investment.
- 4.2 The Screen Industries Development Programme is focused on supporting economic recovery, regeneration, and growth through the sustainable development of the screen industries. It is expected that this will be achieved through activity which: strengthens infrastructure; grows the sector through job creation, business creation, growth and resilience; develops, attracts and retains talent; positively raises the profile of the region, including in support of the visitor economy; and builds wider awareness of the activity and offer of the screen industries. It will build on, rather than duplicate, existing regional and sub-regional screen strengths to establish a sustainable and thriving screen industries ecosystem. While it is recognised that actual production activities are unlikely to be spread evenly across each local authority area, the Screen Industries Development Programme will ensure that there are positive opportunities for residents in all parts of the region in addition to supporting job and growth outputs.
- 4.3 The Screen Industries Development Programme therefore includes workstreams in relation to: production service, production fund, skills, business support, and marketing facilitated by a regional screen office which is appropriately resourced to deliver benefits across the region as a whole. The screen office role will be fulfilled by NFM (as the regional screen agency), which will re-brand as North East Screen as part of the new arrangements and for the purposes of the MoU act as the key interface between the North East local authorities, the BBC and other partners. The MoU envisages that the North East authorities shall determine the funding and governance arrangements for NFM for the duration of the MOU.

- 4.4 The Development Programme will include activity to: attract productions to be filmed in the region (facilitated in part by the proposed new North East Production Fund); attract independent production companies to relocate to or set up in the region; support ongoing business development of existing and new screen industry companies across the North East. It will also directly deliver a range of skills development programmes with a clear focus on ensuring accessibility to employment and training opportunities in the screen industries sector - as well as working closely with further and higher education partners in relation to their own provision - to ensure that, through a strategic and co-ordinated approach, the region has the level and nature of skilled workforce and pipeline of future talent that the industry requires.
- 4.5 It is recognised that the region is starting from a low base, as illustrated in paragraph 3.6 above, in relation to the screen industries sector and that a staged approach will be necessary to build a strong ecosystem within the area which can deliver the maximum impact across the region. It is expected that independent production companies seeking to secure commissions for regional programming / content, to be increased as part of the BBC's commitments through the MoU, will increasingly be encouraged or required to set up an office in the North East. Northern Film and Media are currently handling a number of such enquiries. As initial examples, Fulwell73 announced that Fulwell North would be set up in the region in September 2021 with its office to be in the University of Sunderland and a BBC factual entertainment commission to be filmed in Durham is set to be made by an established independent production company from outside of the North East which is now based in Gateshead with staff recruited from across the region.
- 4.6 Targeted marketing will be important to attract skilled NE industry professionals, currently working away from home, back to the region in addition to business support to help independent production companies scale up and grow in the North East. It is however recognised that, in the short term, independent production companies will need to bring skilled staff into the region to support commissions which they win. Maximising skill development opportunities for emerging talent from within the region alongside this will therefore be key to the medium-term goal of creating a strong ecosystem. In the short term, however, there will be a condition that commissions, where they are not able to attract local partners and talent from within the region, will offer opportunities to upskill the local base. Localised targeted marketing of the skills and wider screen industry opportunities available will also be prioritised.
- 4.7 The NE Production Fund is expected to play an important part in helping to attract additional filming to the region, within the context of this phased building of a screen industries ecosystem, and to generate benefits across the North East as a whole. These are expected to reflect those demonstrated to have been achieved in other parts of the country and will be closely monitored to ensure progress and return on investment can be evidenced.

- 4.8 Detailed governance arrangements are being developed to cover strategic and operational management of the North East Screen Industries Partnership which will bring together all key stakeholders with representatives including from local and combined authorities, further and higher education, the BBC and screen industry (both supply and demand and appropriate representative bodies). These have been informed by a number of guiding principles agreed across the region in relation to finance and governance. They will be built into the Business Case covering the life of the MoU (with appropriate funding gateways) for approval across the region prior to 1 April 2022, which will be subject to agreement by each of the Combined Authorities and by individual local authorities within the North East Combined Authority (NECA). Any subsequent funding from individual local authorities within the North East Combined Authority area beyond 2022/23 will be subject to separate Cabinet decisions at the appropriate time.
- 4.9 During the first full financial year of activity (2022/23) a consistent approach to data collection will be developed. This will facilitate assessment of economic impact and support future co-investment decisions.
- 4.10 Monitoring requirements will be agreed across the region and with NFM to enable reporting within individual local authorities, combined authorities and to the NE Screen Industries Partnership.

5.0 Financial Implications

- 5.1 The collective approach to resourcing development of the screen industries sector that is proposed across the North East is a reflection of the scale of the investment from the BBC, which is such that no one single part of the region could meet the requirements. It also reflects the expectation that all areas across the region and their businesses and residents will benefit.
- 5.2 Initial phasing of expenditure associated with the Development Programme across the five year period of the MoU with BBC, reflecting the phased acceleration of in-region activity is as follows:

2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	TOTAL
£166,305	£1,901,771	£1,927,831	£2,464,293	£2,461,166	£2,478,460	£11,399,825

- 5.3 Outline budget allocations for each workstream of the Development Programme have been developed in recent months. Specific allocations in relation to each strand of activity will be determined in the detailed Business Case which will be agreed across the region as a whole, reflecting the activity to be delivered.
- 5.4 Investment across the region has been calculated on a per local authority basis. Financial contributions in the North of Tyne Combined Authority and Tees Valley Combined Authority are being met from Combined Authority resources. Within the NECA, contributions are being sought from each of the four constituent local authorities. This investment is expected to act as the catalyst to secure further inward investment from a range of commissioners, such as Netflix, Amazon, Channel 4, and Channel 5 in addition to the BBC.

- 5.5 An in-year contribution during 2021/22 of £13,859 was agreed by the City Council, as part of a total of £55,436 for the NECA area. The in-year contribution was agreed to safeguard the current Northern Film and Media team and support establishment of a stronger team which is fit for purpose to deliver the NE Screen Industries Partnership development programme within the context of the MoU with the BBC. This reflected the essential requirement for early implementation following signature of the MoU to be able to deliver activity across the North East region as a whole.
- 5.6 A financial contribution of £158,481 is requested from the City Council in respect of the development programme to be implemented during the 2022/23 financial year. This can be met from the provision for economic development in the current approved capital programme.
- 5.7 It is also expected that opportunities to source external funding will be explored both collectively and by individual local authorities as well as by Northern Film and Media on an ongoing basis.

6.0 Reason for Decision

- 6.1 A MoU was signed between the BBC and the North East authorities in September 2021. This sets out a partnership vision and mutual investment targets by BBC and the North East authorities over the next five years to promote the development of region's cultural and creative industries, through the strategic development of the local TV and screen industry and skills. In order to deliver the required step-change in the growth of the screen industries sector across the North East it is essential that investment is committed by all of the North East authorities as a whole to deliver a sustainable eco-system.

7.0 Alternative Options

- 7.1 The alternative option would be to not support the regional funding proposal. However, this would be contrary to the strategic objectives and commitments of the North East authorities and the BBC through the MoU to promote the region's TV and screen industry and skills.

8.0 Relevant Considerations

- 8.1 Financial Implications.

The cost and funding implications for the Council resulting from commitment to the North East Screen Industries Partnership are set out above. The commitments can be met from the provision for economic development in the current approved capital programme.

- 8.2 Legal Implications

The proposed funding arrangements for the public sector under the MoU are to be delivered through the three combined authorities. In the case of NECA, it is proposed that each of the constituent authorities provide an equal contribution to meet NECA's overall contribution for 2022/2023.

The Council's proposed funding contribution will therefore be provided direct to NECA as another public authority. A full subsidy control analysis will then be undertaken by NECA as part of the proposed business case relating to the full MoU and prior to any grant funding being provided to any third party to ensure that in each case the proposed financial assistance is compliant with the subsidy control principles.

8.3 Equalities

An Equality Analysis has been undertaken in connection with the proposals. A copy is enclosed in Appendix A. In summary, the findings of the EIA are that there will be no known negative equalities impacts as a result of the proposals.

9.0 **Background Papers**

Equality Analysis

