

Cabinet

6 April 2022

North East Screen Industries Partnership

Ordinary Decision



Report of Corporate Management Team

Amy Harhoff, Corporate Director of Regeneration Economy and Growth

Councillor Elizabeth Scott Cabinet Portfolio Holder for Economy and Partnerships

Electoral division(s) affected:

Countywide

Purpose of the Report

- 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.

Executive summary

- 2 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 This reflects one of the public purposes set out in the BBC’s Royal Charter: *To reflect, represent and serve the diverse communities of all of the United Kingdom’s nations and regions and, in doing so, support the creative economy across the United Kingdom*
- 4 As a result of the new strategy, the BBC has sought to increase its presence in the regions, to improve the diversity of its own commissions and in order to stimulate the growth of a wider screen industries ecology.

- 5 A memorandum of Understanding (MoU) was developed between the BBC and NE local authorities and combined authorities. The MoU established the North East Screen Industries Partnership (NESIP) as the delivery vehicle for joint activity, and set out the intention of the BBC to invest up to £25 million in regional programming over a five year period and a target to seek investment from the region of £11.4 million to support the development of a viable screen industries ecology in the region.
- 6 North of Tyne Combined Authority have contracted a broadcast consultant to develop a full business case on behalf of NESIP as a whole and with input from all constituent authorities.
- 7 Detailed governance arrangements are undergoing development. Durham's place on the proposed strategic or delivery boards will be defined through the LA7 Chief Executive & Leaders Group. If Durham is successful in its bid for UK City of Culture 2025 it is anticipated that a specific board place will be agreed. Previous UK cities of Culture have all developed formal partnerships with the BBC and other broadcasters.
- 8 The activity and development programme undertaken through the MoU will help realise the proposed film and TV strand for City of Culture 2025 and support significant skills development and future employment.
- 9 In addition, the anticipated impacts from NESIP will support the growth of creative industries in the region and the county. Research carried out by Durham University for Durham's UK City of Culture bid identifies that spill-over and multiplier impacts are more likely in Creative Industries than in other sectors and that there is evidenced potential for growth in the county's creative industries sector.

Recommendation(s)

- 10 Cabinet is recommended to:
 - (a) Approve a financial contribution of £158,481 to be made to the North East Combined Authority (NECA), in respect of the development programme to be implemented during the 2022/23 financial year, funded from corporate contingencies in year.
 - (b) Authorise the Corporate Director of Regeneration, Economy and Growth, in consultation with the Corporate Director of Resources the Cabinet Member for Economy and Partnerships and Cabinet Member for Finance 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).

- (c) Authorise the Corporate Director of Regeneration Economy and Growth in consultation with the Corporate Director of Resources, Cabinet Member for Economy and Partnerships and Cabinet Member for Finance, 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.
- (d) Note that any recurring commitment beyond 2022/23 will need to be included in MTFP(13) planning and be subject to a separate report in line with the outcomes of the business case being developed through the North East Screen Industries Partnership (NESIP).

Background

- 11 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.
- 12 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.
- 13 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.
- 14 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.
- 15 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.
- 16 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.

- 17 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.
- 18 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.

Current position

- 19 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.

- 20 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.
- 21 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.
- 22 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.

- 23 The activity and development programme undertaken through the MoU will help realise our proposed film and TV strand for City of Culture 2025, which aims to:
- Increase the reach, profile and impact of the 2025 City of Culture programme with a focus on showcasing County Durham talent, ideas and presence on network platforms.
 - Innovate in cultural/broadcast partnerships - enabling and brokering new co-creation opportunities for County Durham talent to work with broadcasters and independent producers; helping them to actively shape, participate and benefit from new content commissions.
 - Incentivize and attract further in-kind and cash broadcast investment into the UK City of Culture programme for impact and public value.
 - Take co-production rights in some of our more ambitious co-commissions, and so promote and safeguard public access to commissioned content during and beyond 2025.
- 24 It is recognised that the region is starting from a low base 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.
- 25 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.

- 26 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.
- 27 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.
- 28 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.
- 29 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.

Financial Implications

- 30 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.

- 31 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 5 Years
	£166,305	£1,901,771	£1,927,831	£2,464,293	£2,461,166	£2,478,460	£11,399,825
Per Local Authority	£13,859	£158,481	£160,653	£205,358	£205,097	£206,538	£949,985

- 32 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.
- 33 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.
- 34 An in-year contribution during 2021/22 of £13,859 was committed by the County 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.
- 35 A financial contribution of £158,481 is requested from the County Council in respect of the development programme to be implemented during the 2022/23 financial year. This can be met from corporate contingencies in year. Contributions beyond 2022/23 would need to be factored into MTFP(13) planning and be subject to a separate report in line with the outcomes of the business case being developed through the North East Screen Industries Partnership (NESIP).

- 36 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.

Conclusion

- 37 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.
- 38 Other local authorities in the region have committed funding in 2021/22 and 2022/23 pending the outcomes of the business case being developed through the North East Screen Industries Partnership (NESIP).

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Appendix 1: Implications

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.

Finance

An in-year contribution during 2021/22 of £13,859 was committed by the County 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.

A financial contribution of £158,481 is requested during the 2022/23 financial year. This can be met from corporate contingencies in year. Contributions beyond 2022/23 would need to be factored into MTFP(13) planning and be subject to a separate report in line with the outcomes of the business case being developed through the North East Screen Industries Partnership (NESIP).

Consultation

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.

Equality and Diversity / Public Sector Equality Duty

An equality impact assessment will be undertaken once the business case development is

Human Rights

N/A

Crime and Disorder

There is no direct impact on crime and disorder as a result of this report

Staffing

There is no direct impact on council staffing arising from this report. Officers in Regeneration, Economy and Growth will continue to engage with the BBC and with regional colleagues to help frame and inform the development of the full business case to demonstrate economic benefits to each area.

Accommodation

There is no direct impact on council accommodation as a result of this report.

Risk

The Council and its partners across the region have committed funding in the current year and are seeking to make further contributions in 2022/23 whilst the full economic business case and benefits to each area is fully determined.

There is a risk that one or a number of authorities do not subsequently commit to this initiative long term, which could impact on the contributions being sought as the funding ask is currently split between the twelve councils in the region.

Procurement

The North of Tyne Combined Authority, on behalf of the twelve councils and three combined authorities have commissioned consultants to assist with the development of the full business case to demonstrate economic benefits to each area.

Appendix 2: MoU
