

TITLE OF REPORT: North East Screen Industries Partnership

REPORT OF: Peter Udall, Strategic Director, Economy, Innovation and Growth

Purpose of the Report

1. To seek Cabinet 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.

Background

2. In early 2021, the BBC published a 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. A MoU between the BBC and the North East region 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 establish a new North East Screen Industries Partnership (NESIP) between the BBC and the North East local authorities through which a co-ordinated regional Screen Industries development Programme can be funded and delivered.
4. Development of the MoU with the BBC, and the targeted implementation arrangements now proposed are designed to grow the screen industries sector. This reflects 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.

Proposal

5. It is proposed that 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, in line with the Economic Development Strategy priorities in Gateshead and across the region, which will increasingly attract additional private sector investment.
6. The Screen Industries Development Programme includes workstreams in relation to: production service, production fund, skills, business support, and marketing. These workstreams will be fulfilled by Northern Film and Media (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.

7. The Development Programme will include activity aimed to grow the regional economy in that sector: attract productions to be filmed in the region; 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.
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.
9. During the first full financial year of activity (2022/23) a financial contribution of £158,481 is proposed to be made via the North East Combined Authority (NECA) pursuant to the MoU. Each of the local authorities are making the same contribution.
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.

Recommendations

11. It is recommended that Cabinet
 - (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.
 - (ii) Authorise the Strategic Director Economy Innovation & Growth, following consultation with the Strategic Director, Resources and Digital, the Leader and Cabinet Member for Economy, to agree the associated Business Case and delivery arrangements 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 Strategic Director Economy Innovation & Growth, following consultation with the Strategic Director, Resources and Digital, the Leader and Cabinet Member for Economy, to approve the terms of a Grant Funding Agreement with Northern Film and Media in respect of the

2022/2023 financial contribution alongside the equivalent contributions of the constituent local authorities within NECA.

For the following reasons:

- (i) To support the Council's Economic Development Strategy.
- (ii) Specifically to increase opportunities for the development of media content businesses to grow or locate in Gateshead to provide more and better jobs for Gateshead residents.

Policy Context

1. On a local level, the scheme will directly deliver many objectives within the Thrive agenda, as follows
 - a. *Invest in our economy.* To invest in and promote the region's cultural and creative industries, through the strategic development of the local TV and screen industry and skills which increases external spend in Gateshead, to then increase local businesses in this sector in Gateshead.
 - b. *Opportunities for employment, innovation and growth.* To further support business case and attractiveness of cultural and creative media industries in Gateshead to provide more opportunities for employment of Gateshead residents.

Background

2. In early 2021, the BBC published a UK wide 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. A Memorandum of Understanding (MoU) between the BBC and the North East region was signed on 22 September 2021 following discussions and agreement with the three Combined Authorities and individual local authorities across the region. The MoU 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 ecosystem over the same period of time.
4. 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.
5. 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. 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, which presents great opportunities to Gateshead's VR businesses.
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 the North East and just 0.9% of production and post-production industry companies are based here.

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.
8. Gateshead is well placed to benefit from growth in the screen sector and given the existing cluster of production firms, the range of content production services at PROTO and facilities at the Pride Media Centre.
9. An officer working group has been established and will work with NFM and regional and national partners to ensure the economic benefits of investment in the screen industries is maximised for the benefit of Gateshead's residents and businesses.
10. As an illustration of the impact of investment in the screen industries on the local economy BBC Children's 'The Dumping Ground' is currently filmed in Hookergate School, Rowlands Gill. For six months of the year the BBC have 75 people working from the site (including cast) and they spend circa £700,000 (excluding salaries). This spend supports the wider Gateshead economy and includes catering costs, hotels and accommodation, transport (including taxi and mini bus hire) as well as local sub-contractors (make-up, costume hire, etc).

Proposal

11. 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 economic development strategy priorities in Gateshead and across the region, which will increasingly attract additional private sector investment.
12. The Screen Industries Development Programme includes workstreams in relation to: production service, production fund, skills, business support, and marketing. These workstreams 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.

13. The Development Programme will include activity aimed to grow the regional economy in that sector: attract productions to be filmed in the region; 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.
14. 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.
15. It is recognised that the region is starting from a low base, as illustrated in paragraph 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.
16. 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.

17. 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.
18. 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.
19. 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.
20. 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.

Consultation

21. The Leader, Deputy Leader and Cabinet Member for Economy have been consulted in the preparation of this report.

Alternative Options

22. 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.

Implications of Recommended Option

23. Resources:

- a) **Financial Implications** – Gateshead Council's annual share of the North East Regions local authority contribution is £158,481. The Strategic Director, Resources and Digital, confirms that this contribution has been

provided for in the 2022/23 budget and the Medium-Term Financial Strategy.

b) Human Resources Implications – None

c) Property Implications - None.

24. Risk Management Implication - This approach has a number of risks, which are addressed below:

Project does not deliver outcomes. The proposal will be monitored against economic data to be agreed and outcomes assessed. The governance proposals will allow for the approach to be modified during the year to better target the programme to deliver the outcomes.

The council will be engaged at every level to ensure that the monitoring and delivery is maximised to the advantage of Gateshead residents.

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.

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.

25. Equality and Diversity Implications - There are no Equality and Diversity implications arising from this report..

26. Crime and Disorder Implications – There are no Crime and Disorder implications arising from this report.

27. Health Implications – There are no health implications arising from this report although the improved opportunities for business and employment are a determinant of health.

28. Climate Emergency and Sustainability Implications - There are no Climate Emergency implications arising from this report.

29. Human Rights Implications - There are no Human Rights Implications arising from this report.

30. Ward Implications - Proposals will impact the whole borough

Background Information

31. None.