

Funding Agreement between the Department for Culture, Media and Sport and the UK Film Council 2010–13

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1. Introduction

1.1. This Funding Agreement, between the Department for Culture, Media and Sport (DCMS) and the UK Film Council (UKFC), is for the three-year period between 1st April 2010 and 31st March 2013. It is subject to an annual review in 2011 and 2012.

1.2. This agreement details:

- The key strategic priorities for both UKFC Grant-in-Aid and National Lottery funds;
- A top level delivery plan;
- Key Performance Measures; and
- Key strategic risks to the UKFC.

2. Background

2.1. The UKFC is the government body responsible for developing the film industry and film culture in the UK and receives both Grant-in-Aid (GIA) and National Lottery funds. The UKFC works at arm's length from Government and has the status of a Non-Departmental Public Body. It is regulated in accordance with Financial Memoranda issued by the Secretary of State for Culture, Media and Sport.

2.2. GIA funds are distributed in line with the DCMS Allocation letter dated the 19 February 2010.

2.3. Funds from the National Lottery are distributed in accordance with directions issued under the National Lottery Act by the Secretary State for Culture, Media and Sport.

3. Levels of Funding

3.1. The grant-in-aid allocation for the term of the agreement is as follows:

2010-11 £ million						
Resource DEL			Capital DEL			Grant- in-Aid
'Near Cash' Resource	Depreciation	Total Resource	Exchequer	Reserves	Total Capital	
26.921	3.162	30.083	16.350	0	16.350	40.271

3.2. For 2011-12 and 2012-13 the total grant-in-aid allocation will be subject to the outcomes of the next Spending Review (projected for mid-late 2010)

3.3. In addition, the UKFC receives income from the National Lottery to distribute (2.25% of the Good Cause income).

3.4. As per the 16th October allocation letter, the 2010/11 allocations are £1.75 million UK Film Council core capital funding, £1.6 million for the National Film Centre (leaving £42.9 million thereafter in the period after 2010/11) and £13 million for the Screen Heritage Strategy (leaving £5.4 million in 2011-12)

3.5. Furthermore, Film Clubs will be funded from the Department for Children, Schools and Families, at a level of £4.6m for 2010/11.

4. Strategic and Operational Priorities 2010-13

4.1. The UKFC will use Lottery and GIA funding to deliver a wide range of cultural, economic and educational benefits – Public Value Benefits – to all citizens and communities throughout the nations and regions of the UK. How we will do this is detailed in the UK Film Council 2010-13 three year strategic plan, *UK Film: Digital innovation and creative excellence*, which is in line with the DCMS Departmental Strategic Objectives (detailed at Appendix A).

- 4.2. Appendix B – the Risk Assessment Template – details the key priorities for the UKFC for the period 2010–13 as agreed.
- 4.3. The successful delivery of UKFC priorities will make a significant contribution to the growth of the economy in the following ways:
- i. By improving productivity, GDP and the balance of trade through the production, distribution and exhibition of British film in the UK and overseas;
 - ii. By acting as a catalyst for the development of creativity, innovation, efficiency and excellence, notably through encouraging the use of digital technology in production, post-production and film distribution and exhibition; and
 - iii. By affording opportunities for individuals from all backgrounds to work in film and in related creative industries thereby developing their talents.
- 4.4. The successful delivery of UKFC priorities will deliver cultural, educational and social benefits in the following ways:
- i. By providing audiences across the UK with increased opportunities to enjoy and learn from stories about British and global culture through support for the production, distribution and exhibition of British and specialised films;
 - ii. By enabling individuals from all backgrounds, including children and young people, to have access to moving image culture and heritage in all its variety, and to learn about it, thereby enriching individual lives, raising participation levels and strengthening communities; and
 - iii. By providing audiences around the world with increased opportunities to understand and learn about British culture through support for the distribution and export of British films.
- 4.5. The contribution which UKFC priorities make to the UK economy and to UK society can be represented through the lens of public value in the following way:

Value	Contribution
Economic Development	Contributing to growing the overall market for film in the UK and to employment, skills, exports, tourism.
Company Development	Contributing to helping UK-based film companies to grow and become economically stable
Cultural	Providing pleasure and stimulation from cinema in all its variety, and enrich the life of the nation through film
Educational	Improving, increasing and deepening understanding of the world and its diversity and its history for citizens of all ages
Social	Improving understanding within and between communities, providing activity which promotes social cohesion/inclusion and participation across the UK
Global Value	Positively representing UK culture around the world, building partnerships with other countries to deliver economic value

4.6. Lottery funding will primarily be used to strengthen the structure of the indigenous film industry and workforce and to improve the creative quality and commercial viability of British film.

4.7. In the main, National Lottery Funding will support the activities of:

- i. Film Fund;
- ii. Innovation Fund;
- iii. Prints and Advertising Fund;
- iv. Regions (along with grant-in-aid funding);

- v. Film Skills Fund;
- vi. First Light Movies;
- vii. Film Nation.

4.8. Exchequer (Grant-in-Aid) funding will primarily be used to:

- i. Develop film culture by improving access to, and education about, the moving image; and
- ii. Deliver the international elements of our work, most notably in the area of inward investment, exports, Europe and our relationship with the US studios.

4.9. In the main, GIA will support the activities of:

- i. The British Film Institute, which is the leading organisation promoting an appreciation of film culture in the UK, developing film and moving image education and caring for the nation's film heritage;
- ii. The nine Regional Screen Agencies;
- iii. Activities in relation to delivery of the UKFC Diversity Strategy;
- iv. Intellectual property and combating film theft;
- v. Film Export Fund to help maintain and increase the international market share and value of UK film product, talent, skills and services;
- vi. The Certification Unit and its role for DCMS in assessing applications applying for a British certificate under the cultural test for film, the UK's bi-lateral co-production treaties or the European Convention;
- vii. The Office of the British Film Commissioner;
- viii. Supporting the UK MEDIA Desk which is also part funded by the EU;
- ix. Research, statistics and market intelligence thus providing the industry, and others, with key, accurate and up-to-date facts and figures;
- x. Cross art-form venues;

- xi. Developing policy and providing leadership to the industry, and acting as a policy advisor to the DCMS;
- xii. Film Club, subject to additional funding post 2010/11, which aims to reach 7,000 schools by March 2011;
- xiii. The Irish Language Broadcasting Fund (until March 2011).

4.10. In operational terms, the key activities in the period 2010–13 are:

- i. Delivering the priorities set out in the UK Film Council Three Year Strategic Plan, *UK Film: Digital innovation and creative excellence*. Notably:
 - a. Assessment of the impact of the new tax relief;
 - b. Delivery of the requirements as part of the £45 million grant for a new National Film Centre;
 - c. Delivery of the £25 million Screen Heritage Strategy;
 - d. With partners, notably Arts Council England, developing proposals in relation to re-equipped Mixed Art Form and Media venues for the digital age;
 - e. Delivering the UKFC 3% Value for Money Plan; and
 - f. Developing the UK Film Council's approach to environmental sustainability, with the aim to help make the UK film industry a world leader in environmental good practice.
- ii. Helping to deliver the DCMS's proposed UKFC/BFI merger;
- iii. Working with DCMS to implement the action list resulting from the 2007 Peer Review, subject to appropriate funding where relevant; and
- iv. The UKFC's active involvement in a policy advisory role with Government generally, and specifically in relation to the DCMS Creative Economy Programme, DCMS/DCSF Creativity Review, the Regional Review, the Gowers Intellectual Property Review and the European Commission's State Aid Review.

5. Performance Measurement

- 5.1. Whilst there is no straightforward, over-arching indicator which can measure the complex nature of the UK film industry, a performance measurement framework has been developed to track progression in relation to the overall UKFC goal. The key indicators to gauge progress are detailed at Appendix C.
- 5.2. To help ensure a successful transition into the digital age for UK film, the UKFC aims to be an effective, innovative, well managed and resourced organisation which is valued for its abilities. To assist in measuring its success, the UK Film Council has developed a balanced scorecard which assists in evaluating the UKFC's contribution to delivery of the overall goal and improving its management of resources. This can be found also at Appendix C.

6. Key Risks

- 6.1. The key risks to the UKFC achieving its objectives during 2010-13 can be found at Appendix D.
- 6.2. The management of risk is an ongoing operational consideration. The Senior Management Team considers how risks can be managed and mitigated. As part of the risk management process, the Board reviews individual areas of operational performance on a monthly basis and the Audit Committee reviews the UKFC Risk Register at least twice a year.

7. Review

- 7.1. In addition to the ongoing monthly meetings between the Department and the UKFC, in April 2011 and also April 2012 the Secretary of State and the UKFC Chairman will meet for a general review of performance and to discuss any changes to this Funding Agreement.

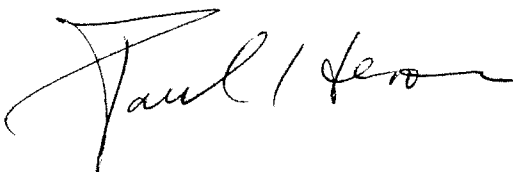
Signed on behalf of the UK Film Council.



John Woodward, Chief Executive Officer

Date: 1st April 2010

Signed on behalf of the Department for Culture, Media and Sport.



Paul Heron, Deputy Director

Date: 1st April 2010