

Children's Services
222 Upper Street
London N1 1XR

Report of: Corporate Director of Children's Services

Date: 10 November 2022

Ward(s): All

Subject: Extension of Contract for Islington Film Service

1. Synopsis

- 1.1. The Islington Film Service is run by FilmFixer. Film Fixer is an agent, facilitating film shoots that generate income for the Council. The Council provides no financial contribution, and Film Fixer is not employed or commissioned by the Council.
- 1.2. The purpose of this report is to seek approval to extend the contract to deliver film services for the borough for one year in order to allow sufficient time for a full options appraisal that will make recommendations regarding the potential to in-source the service or re-procure.

2. Recommendations

- 2.1. To approve the extension of the contract for FilmFixer to deliver the Islington Film Office services for a period of 12 months from 1 May 2023 to 30 April 2024.

3. Date the decision is to be taken

- 3.1. 10 November 2022

4. Background

- 4.1. **Nature of the service**

- 4.1.1. A competitive tender process was carried out in January 2018 to procure the Film Service. The tender exercise was led by Camden Council on behalf of the Islington, Camden and Lambeth tri-borough partnership. It was done through an open tender process and was subject to the Concession Contracts Regulations 2016.
 - 4.1.2. FilmFixer was awarded the concession contract for the three boroughs. As the film service provider, FilmFixer is responsible for arranging all film shoots in the borough, identifying locations, negotiating fees, administrating financial transactions, facilitating and co-ordinating film-related services, issuing film licenses, and liaising with relevant community groups and statutory bodies.
 - 4.1.3. A three-year contract was entered into with FilmFixer with the option to extend the contract for a further two years. Two of the partner boroughs, Camden and Islington, have already extended the contract until 30 April 2023 (the Extended Expiry Date), Lambeth withdrew from the agreement in March 2022. The intention is for Camden and Islington to extend a further one year to 30 April 2024, with each borough having separate arrangements when the contract expires.
- 4.2. **Estimated value**
- 4.2.1. It is necessary to extend the current contract in order to carry out a meaningful review of the service, including a full options appraisal, and potentially run a full procurement exercise or bring the service in-house by 30 April 2023. The film services contract has stakeholders in multiple council services: Parking, Street works, Green Spaces, Housing, Leisure, Cultural Enrichment, Youth Employment, Public Protection, Communities, and Communications.
 - 4.2.2. The arrangement will be at no cost to the Council.
 - 4.2.3. The turnover from this contract for the duration of the one-year extension is estimated at £1,161,855. Turnover in this context is defined as the income generated by Film Fixer as the broker for film shoots in the borough, which includes income to the council as well as the profit share assigned to FilmFixer. The Council provides no financial contribution, and Film Fixer is not employed or commissioned by the Council. Film Fixer is an agent, facilitating film shoots that generate income for the Council. The contract value is based on projected figures for turnover through income generated by film services. This estimation is based on projections made by Film London about the expected growth in the industry, mostly due to the increase in high end television drama productions over the last two years. The concession agreement with FilmFixer generates significant income for Islington Council via a revenue share. The projected income for the council for the period of the extension is £866,162.

4.2.4. Out of the revenue share, the Cultural Enrichment Team is expected to receive £122,000 income which will directly leverage investment from several major funders – Arts Council England, Dame Alice Owen Foundation, and Guildhall School of Music and Drama – amounting to a total investment of £450,000 per annum.

4.3. **Timetable**

4.3.1. The current contract expires on 30 April 2023. The extension will ensure that there is sufficient time to follow council governance to get approval for a new procurement strategy and undertake a transparent competitive tender exercise.

4.4. **Options appraisal**

4.4.1. A full options appraisal will be carried out as part of the pre-tender activities to share the new procurement strategy. A prior information notice (PIN) will be issued as part of the pre-market consultation, which will also include researching the needs of Islington Council services affected by film shoots and the practices and effectiveness of film services in other London boroughs.

4.4.2. In order to carry out a full options appraisal, it is necessary to extend the current contract, which expires in April 2023. Creation of an in-house service would take time to generate contacts and a reputation in the industry, and this option will undergo a thorough assessment in the full options appraisal.

4.4.3. Pre-COVID there was a limited market of suppliers for this type of service. However, this is a dynamic industry and the pandemic has transformed the industry particularly in high-end TV production. Legal advice notes that this contract extension falls outside the scope of the Concession Contract Regulations, and there is a risk of a legal challenge from a competitor. Preliminary market research indicates that there is a very limited number of competitors, and we have assessed that this risk is low.

4.4.4. Although it is believed that there is still only a small market of specialists with the experience and capacity to provide film services, this will be fully explored in preliminary market consultation which will be part of the options appraisal.

4.4.5. The benefits of extending the relationship with FilmFixer include economies of scale (FilmFixer provides services for a large number of London boroughs); having an established and accepted system of licencing; and having an established network of industry contacts. The current revenue share also offers value for money for the council.

4.5. **Key Considerations**

- 4.5.1. The award criteria for the contract included 5% weighting for social value, and 5% weighting for sustainability and environment.
- 4.5.2. FilmFixer is required by the terms of the contract to deliver key social value outputs around the provision of youth employment opportunities and the generation of income for local community organisations. The youth employment opportunities have included the establishment of the “Set Ready” vocational training programme which works with local residents to give them opportunities in the screen industries, particularly targeting young people who lack the contacts or relevant experience to enter the sector. The programme has had three iterations since January 2021 and has trained nine residents, all of whom have subsequently got work placements and more substantive crew roles. It is anticipated that the scheme will continue during the extension and another 10 Islington residents will benefit from this. Income generated through financial donations by film production companies to community associations amounted to £59,000 in 2021/22 and is expected to reach £60,000 in 2022-23 and £65,000 in 2023-24.
- 4.5.3. London Living Wage is a condition of the contract.
- 4.5.4. The contract includes clauses relating to economic, social, and environmental sustainability. More specifically this includes the adoption of environmentally responsible policies to protect air quality, and to minimise noise and light pollution; using timber products that are derived from sustainably managed sources; not using products containing ozone depleting chemicals; and a commitment to continuous improvement. Working in conjunction with FilmFixer and Film London, steps have been taken to reduce the environmental impact of film making and to effect change for more sustainable film production in Islington and in the wider London area. FilmFixer is currently implementing a change to the application process which means that any production company applying to film has to inform the FilmFixer about the generators they plan to use. FilmFixer plans to insert at this point of the process a pop-up advert showing where production companies can obtain non-polluting alternatives.
- 4.6. **Business risks**
- 4.6.1. To ensure the market is aware of the council’s intentions to look at options for re-procuring the contract, a prior information notice (PIN) will be issued as part of the pre-market consultation.
- 4.6.2. This contract has stakeholders from a number of different council departments. All relevant departments will be brought together to discuss the options and agree on the proposed approach for the new strategy. Based on the recommendations a suitable timetable will be put in place at the earliest opportunity.

- 4.6.3. The business opportunity offered by the extension of contract is continued access to the film industry through FilmFixer's contacts. These will continue to be managed through quarterly consultation with FilmFixer and quick responsive communication if there are any urgent concerns.
- 4.6.4. The only service user implications that are likely to be significant are complaints from residents about film shoots happening near their homes. Complaints are managed through a robust and clear complaints procedure agreed by FilmFixer and the Council.
- 4.7. The Employment Relations Act 1999 (Blacklist) Regulations 2010 explicitly prohibit the compilation, use, sale or supply of blacklists containing details of trade union members and their activities. Following a motion to full Council on 26 March 2013, all tenderers will be required to complete an anti-blacklisting declaration. Where an organisation is unable to declare that they have never blacklisted, they will be required to evidence that they have 'self-cleansed'. The Council will not award a contract to organisations found guilty of blacklisting unless they have demonstrated 'self-cleansing' and taken adequate measures to remedy past actions and prevent re-occurrences.

5. Implications

5.1. Financial Implications

- 5.1.1. On the Financial Implications, the risk of the extension is low since the council does not make any upfront payments. The financial risk comes into play if an extension is not granted and we have a break in the service, since the income is important to the council, as a whole but especially for the Cultural Enrichment team who have a small budget and use the income direct to provide services. There is also a risk on the Social Value element if there is a break in the service. The contract has no value in that the council does not make a contract payment but allows the contractor exclusive filming rights in Islington for a 65% share of the profit.

5.2. Legal Implications

- 5.2.1. The proposed contract extension is outside the contract terms and would be a breach of the Public Concessions Regulations; the relevant council officer will need to be aware of and consider the risk of legal challenge from competitors and the associated costs and reputational exposure when considering whether or not the council should extend this contract as sought.

5.2.2. A formal Waiver Request will be required in relation to non-compliance with the council's Procurement Rules. Strategic Procurement officers should be consulted and the Waiver must be formally granted before any contract extension is made.

5.3. **Environmental Implications and contribution to achieving a net zero carbon Islington by 2030**

5.3.1. Islington Council is part of the Film London Partnership, which commits the council to adopting a "film friendly" approach towards the film industry. The partnership includes all Local Authorities in London, as well as major film producers, government agencies and other stakeholders. Under the partnership agreement, film companies using locations in Islington are obliged to notify affected residents prior to filming.

5.3.2. The council and FilmFixer acknowledge the film industry, along with other industries, could do more to adopt greener practices and are working with producers to adopt environmentally friendly methods of film production. Research carried out, as part of The Generator Project, into alternatives to diesel generators found the alternatives on offer are limited. However, FilmFixer tries to encourage new alternatives to diesel and they track the use of generators in the industry to measure progress. FilmFixer collects real time data about film production companies and their impact on the environment and shares this data with "Albert" and "Adgreen" (Film & TV and Advertising industry organisations created to reduce greenhouse gas emissions), as well as Film London and The Generator Project.

5.3.3. In 2020, FilmFixer proposed introducing a levy on mobile diesel generators, however, the law prevents penalties being applied solely to the film industry and not also to other private users of diesel generators. Imposing a levy will be revisited if the law changes. In the meantime, they continue to work with film industry partners to explore city wide initiatives to tackle environmental issues and will be consulting with Islington Streetworks on the potential to develop a "generator license" initiative across all sectors including events and construction.

5.3.4. FilmFixer has conducted a thorough review of its internal processes with regard to environmental impact and the production of greenhouse gases, and it has implemented the recommended measures, for example, FilmFixer staff use public transport whenever they can and work from home frequently.

5.3.5. Although there are concerns about the film industry's environmental impact, film production in Islington generates much needed revenue for council services and there needs to be a balance between the benefits for the community and strategic policy to reduce carbon emissions. Working in conjunction with FilmFixer, steps have been taken to reduce the environmental impact of film making and to effect

change for more sustainable film production in Islington and in the wider London area.

5.4. **Equalities Impact Assessment**

- 5.4.1. The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.
- 5.4.2. An Equalities Impact Assessment will be carried out as part of the full options appraisal.

6. **Conclusion and reasons for the decision**

- 6.1. The recommendation is that the contract for film services with FilmFixer be extended by one year from 1 May 2023 to 30 April 2024 in order to allow sufficient time for a full procurement process to be carried out, changing from a tri-borough arrangement to a single borough approach.

7. **Record of the decision**

- 7.1. I have today decided to take the decision set out in section 2 of this report for the reasons set out above.

Signed by:

Corporate Director of Children's Services

Date:

Appendices: None

Background papers: None

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