

Community Engagement and Wellbeing  
222 Upper Street  
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Report of: Executive Member for Equalities, Culture and Inclusion

Meeting of: Executive

Date: 7 September 2023

Ward(s): All

The appendix to this report is exempt and not for publication

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## Subject: Procurement strategy for the Islington Film Service contract

### 1. Synopsis

- 1.1. This report seeks pre-tender approval for the procurement strategy in respect of Islington Film Service in accordance with Rule 2.8 of the Council's Procurement Rules.

### 2. Recommendations

- 2.1. To approve the procurement strategy for Islington Film Service as outlined in this report.
- 2.2. To delegate the decision to award the contract to the Corporate Director, Community Engagement and Wellbeing, following consultation with the Executive Member for Equalities, Culture and Inclusion.

### 3. Background

#### 3.1. Nature of the service

- 3.1.1. The Islington Film Service protects the Council's interests and makes sure filming is conducted with minimal impact to residents or delivery of council services. It is responsible for working with production companies to arrange all film shoots in the borough, identify locations, negotiate fees and administer financial transactions. The Film Service also arranges facilitates services such as parking and traffic

management orders, issue filming licenses, and liaises with council departments, community groups and statutory bodies where appropriate.

- 3.1.2. The current contract was procured via a tender exercise led by Camden Council on behalf of the tri-borough partnership (Camden, Islington and Lambeth councils). It was done through an open tender process and was subject to the Concession Contracts Regulations 2016. The current contract expires 30 April 2024.
- 3.1.3. The Cultural Enrichment Team is proposing to re-procure the contract for Islington Film Service for a period of three years with options to extend for up to a maximum further five years.
- 3.1.4. The Film Service requires skills and expertise which are difficult, costly and time consuming to develop in-house. The role requires:
- working with production companies to arrange all film and TV shoots in the borough
  - liaising with council departments, statutory bodies, community groups and residents
  - negotiating fees and administering financial transactions
  - facilitating services such as parking and traffic management orders
  - identifying locations
  - issuing filming licenses
  - monitoring shoots of a particular size
  - feeding back regional and national policy changes to council services (e.g. drone use, privacy laws)
  - delivering a high quality skills development and employment offer within the industry for Islington residents
- 3.1.5. Through an increase in high-end television, animation and video game production in London, the film industry has boomed in recent years. At a local level, film production generates significant Council revenue and employment opportunities, and going forward it will provide more shadowing and training opportunities. Filming also raises the profile of the borough as a cultural destination and has the potential to increase local tourism.
- 3.1.6. In a small borough like Islington, the impact of film shoots can be significant. Production companies do not need to secure permissions or licenses for many common filming requests. News media can film almost anywhere without a license, anyone can arrange for a film shoot on private property, for example on a housing estate, but the Film Service helps to monitor unauthorised film shoots which minimises the adverse impact on residents. Having a managed Film Service enables Islington to take a coordinated approach to film facilitation in the borough.

3.1.7. Ensuring Islington's Film Service is managed by industry specialists is essential to optimising the benefits for Islington residents. The role requires engagement with many of Islington Council's service areas and public, private and voluntary sector partners. It demands a distinct skillset that combines industry intelligence with an understanding of working practises both within the screen industries and with relevant authorities. This is essential to coordinating a consistent, collaborative and responsive service, reducing pressure on council teams and ensuring a joined up approach. The growing importance of film to the economy also means that appointing a specialist contractor provides the Council with an opportunity to engage the industry in our skills and employment agenda.

### 3.2. **Estimated value**

3.2.1. We are proposing to procure a service using the same contract model that is currently in place via a services concession contract. This ensures a managed Film Service at no cost to the council and with minimal risks as costs associated with delivering the service are effectively covered.

3.2.2. Filming in London continues to rise and there has been no drop-off in demand for location filming within Islington. This requires the Council to continue to have a managed service which covers its own costs.

3.2.3. The turnover from this contract for the period 2024-2032 is estimated at £8,019,344 equivalent to £1,002,418 per year (average of last two years annual turnover). Turnover in this context is defined as the total income generated by film shoots in the borough. The income is divided between the following parties, in order for magnitude from largest to smallest: direct payments to council services (e.g. Parking and Roadworks), a percentage of revenue assigned to the contractor, a percentage of revenue assigned to the council service commissioning the Film Service, and payments to third parties (community groups). 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 (the independent film and media agency developing London as an international film-making capital).

3.2.4. There has been no expenditure on this service in the last two years as it is a concession.

3.2.5. Through the tender development the Cultural Enrichment Team has consulted with internal teams working with the current contractor to explore efficiencies and the impact of film facilitation on officer time. Advice has also been sought from external partners such as Film London and the Greater London Authority, as well as the lead teams at Camden Council and Lambeth Council.

3.2.6. Through a thorough review process with the relevant Council services, processes have been streamlined and efficiency increased to reduce impact on officer capacity.

### 3.3. **Timetable**

- Strategy approved at the Executive meeting July 2023
- Publish tender August 2023
- Invitation to tender deadline September 2023
- Evaluation October 2023
- Contract award February 2023
- Mobilisation
- New contract starts 1 May 2024.

3.3.1. We have consulted externally with Camden Council (fellow member of the tri-borough partnership) and with Lambeth Council (former member of the partnership - Lambeth has run an in-house film service since March 2022), as well as Film London (the independent body overseeing and promoting London as a destination for film shoots) and the Greater London Authority. We have consulted with elected Members and internally with the following council services:

- Inclusive Economy - Youth Employment and iWork
- Strategic Procurement
- Legal
- Highways
- Parking
- Greenspace and Leisure
- Property
- Community Partnerships
- Communications

### 3.4. **Options appraisal**

- Option 1 - Not to undertake a procurement exercise and to cease having a managed Film Service
- Option 2 - Not to undertake a procurement exercise for an external film facilitation partner and instead to deliver the Film Service in-house
- Option 3 - Procure an external film facilitation partner independently of other boroughs
- Option 4 - Procure an external film facilitation partner within a multi-borough partnership

#### 3.4.1. **Benefits and drawbacks**

3.4.2. Option 1 – Not to undertake a procurement exercise and to cease having a managed film service. This option presents the greatest risks to Islington residents, the local economy, in-house services and the Council's reputation.

While this option would mean that officers across the Council would not need to liaise with a specialist film contractor, significant work would be passed to in-house teams in the absence of a Film Service. This would include managing speculative filming requests; shoot coordination; engagement with residents and community groups; coordination with statutory services such as the Metropolitan Police and Transport for London; processing filming products and services; financial administration; and monitoring filming activity. As well as burdening council teams, this approach would present major issues in terms of coordinating complex shoots which require a range of services from the Council and its partners. Significantly, the Council would lose oversight of film and TV production in Islington which could present issues in reducing the pressure on particular filming hotspots. The impact on communities in Islington would likely be more significant without this oversight and with less capacity to manage filming activity. As a borough we would also be less responsive to productions, damaging Islington's 'film-friendly' commitment and reputation. This would affect the development of 'cultural destinations' within the borough, the broader tourist offer and impact the local economy. We would also not be able to be selective about the kind of film and TV productions we attract to Islington and would lose a link to this increasingly important industry and the opportunity to lever social value for residents.

- 3.4.3. Option 2 – Not to undertake a procurement exercise for an external film facilitation partner and instead to deliver the Film Service in-house. This option would require a significant investment in staff resources and technology. To develop a comparable service, the Council would need to be sure it could appoint multiple officers with the industry expertise in managing a Film Service and an understanding of relevant service areas within the organisation and its partners. These skills are not readily available within the Council and it is anticipated that the service would require a minimum of two full time staff, one at managerial level, costing approximately £105,000 per annum. This is greater than the profit share income generated in 2021-22 for the Cultural Enrichment Team. It is therefore possible that a comparable in-house service would operate at a loss for the service and present a financial risk to the Council. It is questionable whether we would be able to easily source staff with this expertise which also suggests there would be risk for business continuity if in-house staff delivering this service left the Council. In addition, the volatility of the market for film services could lead to a small team having insufficient capacity in times of peak demand and excess capacity in times of lower demand. Bringing the service in-house would make benchmarking Islington's film offer with other boroughs more complex, particularly as regional bodies such as Film London and the Greater London Authority (GLA) do not keep accurate data on filming fees by borough. It is very likely that a successful bidder will also be delivering film services in other London boroughs, which will enable them to make comparisons of best practice. It is also uncertain whether we would be able to maintain Islington's commitment to the London

Filming Partnership, run by Film London with this arrangement, which could damage our relationship with Film London and the GLA. The London Filming Partnership helps the film industry, locations and film services to maintain best practice and, as a consequence, increase attractivity to film production companies, as well as maintain public confidence.

- 3.4.4. Option 3 – Procure an external film facilitation partner independently of other boroughs. This option would enable Islington to partner with a specialist film facilitation company. It would benefit residents through a professional and tailored service and reduce the burden on in-house teams by managing complex filming activity which impacts on multiple service areas, often with very short turnaround times. Appointing an external provider would ensure a more professional and strategic approach through a managed service and facilitate partnerships with pre and postproduction companies to advance skills development and employment opportunities for residents.
- 3.4.5. Option 4 – Procure an external film facilitation partner as part of a multi-borough partnership. This option would continue the successful partnership model implemented for the current contract and give scope to introduce new boroughs into the partnership. Benefits include those highlighted in Option 3 - minimising in-house costs and burdens on council teams; a higher risk assurance through a specialist and dedicated resource; a professional and tailored service; industry intelligence to ensure the most competitive financial negotiations; and increased social value benefits to residents. There are two further benefits of working in collaboration with other boroughs: 1) Shared intelligence about good working practice; 2) Reduced internal running costs for administration of contract across the partner boroughs. However, shared intelligence can be gained by liaising with other boroughs through existing film office networks and the gain of reduced administration of contract is limited to the occasions of contract renewal or extension, so in practice leads to minimal savings. There are two drawbacks to working in collaboration with other boroughs: 1) Increased internal running costs due to additional requirements for negotiation with partner boroughs; 2) Increased time delays if variations required to contract. The obstacle to working with another borough is that the current partner Camden Council has indicated that it does not wish to continue in a partnership arrangement, and establishing a new relationship with another borough council will require that council film service current contract period to expire simultaneously with Islington's and would also require considerable negotiation. The tight time period for procurement makes this option unfeasible.
- 3.4.6. Our preferred procurement route is Option 3 - Procure an external film facilitation partner independently of other boroughs through competitive tender.

### 3.5. **Key Considerations**

- 3.5.1. The award criteria for the contract will include 30% weighting for social value including sustainability and environment.
- 3.5.2. Social value: the contractor will be required to deliver key social value outputs around the provision of youth employment and skills opportunities, and the generation of income for local community organisations.
- 3.5.3. Youth Employment and Skills: The Council is committed to delivering positive social value benefits for Islington residents, working closely with schools and through the World of Work Programme (<https://www.islingtoncs.org/wow>) to offer exposure to a wide range of jobs and skills within the Creative Industry. This would be achieved through an active contribution to this programme through the provision of site visits, work experience opportunities, careers talks and workshops. The contract with the successful bidder will also include clauses relating to economic, social, and environmental sustainability.
- 3.5.4. Community Groups income generation: The Council actively supports the voluntary and community sector (VCS) organisations and other not-for-profit organisations in the borough. The reach and responsiveness of VCS organisations improve outcomes for residents across the Council's corporate priorities and support the Council's early intervention and prevention ambitions. The provider will ensure that through their services they are able to fund and support this vibrant sector and directly impact the lives of residents in a tangible way. Particular focus should be on serving disadvantaged and vulnerable residents, often based in council housing estates and deprived neighbourhoods, and mirror our commitment to create a fairer Islington by delivering the commitments in the [Islington Together 2030 Plan](#).
- 3.5.5. London Living Wage will apply.
- 3.5.6. The contract will be reviewed after an initial three year period and subsequently at regular intervals in order to ensure continuous monitoring of delivery.
- 3.5.7. There may be TUPE, pensions and staffing implications.

### 3.6. **Evaluation**

- 3.6.1. This contract is being procured under Schedule 3, social and other specific services, of the Concession Contracts Regulations 2016. The process shall treat all bidders equally and without discrimination in a transparent and proportionate manner. In accordance with Regulation 41 the contract shall be awarded on the basis of objective criteria which ensure that tenders are assessed in conditions of

effective competition so as to identify an overall economic advantage for the Council.

3.6.2. The process will be based on the open procedure. The open procedure means that all bidders who successfully express an interest will automatically be invited to tender and have access to the tender documents. Those who submit a tender and meet the minimum requirements (by answering selection questions) will have their full tender, method statements and pricing evaluated.

3.6.3. Proposed award criteria:

<b>Award Criteria</b>	<b>Total</b>
<b>Cost</b>	<b>40%</b>
<b>Quality - Made up of</b>	<b>60%</b>
Proposed approach to social value, sustainability and the environment	30%
Proposed approach to business process and service methodology (including information and communications technology)	5%
Proposed approach to filming	5%
Proposed approach to organisational structure	5%
Proposed approach to business development	5%
Proposed approach to resident and stakeholder engagement	5%
Proposed approach to risk management and monitoring	5%

The cost element of the award criteria will include 25% allocated to revenue share. Bidders will need to include an offer of a revenue share within a range set by the Council in the published tender documents. The highest percentage offer within the range will achieve the highest marks (maximum 25%).

### 3.7. **Business risks**

3.7.1. The income from film is dependent on the macro-economic situation and film industry specific variables, such as demand for product from distributors such as Netflix. If demand decreases, income will correspondingly decrease. Mitigation in the past has been a) improving the Council's working practices to streamline processing of applications of licenses, which makes the borough more attractive to production companies and b) marketing Islington as a destination for filming. This forms part of the award criteria around approaches to business process, business development, and risk management

3.7.2. There are opportunities to increase further the income from film in the borough, in particular through the short term or medium term rental of vacant Council properties. These will be explored through a Service Level Agreement with Islington Property Services.



- 3.7.3. Film shoots in the borough risk inconveniencing residents and as a consequence pose a reputational risk to the council through:
- suspension of parking bays
  - closures of roads, parks and amenities
  - air, noise and light pollution
  - littering of public spaces
- 3.7.4. It is essential that the successful bidder has a robust and well considered plan for resident engagement and consultation.
- 3.7.5. There are a number of risks involved in film facilitation but we believe these would be magnified without a professional film facilitation partner i.e. with no managed film service or an in-house service.
- 3.8. 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.
- 3.9. The following relevant information is required to be specifically approved in accordance with rule 2.8 of the Procurement Rules:

Relevant information	Information/section in report
1. Nature of the service	The Islington Film Service is responsible for working with production companies to arrange all film shoots in the borough and thus generating income for the Council See paragraph 3.1
2. Estimated value	The estimated value per year is £1,009,579 [total turnover] The agreement is proposed to run for a period of three years with the option to extend for a maximum further five years See paragraph 3.1.3
3. Timetable	As outlined in this report. See paragraph 3.3
4. Options appraisal for tender procedure including consideration of collaboration opportunities	The preferred procurement route is to procure an external film facilitation partner independently of other boroughs through competitive tender

	See paragraph 3.4
5. Consideration of: <ul style="list-style-type: none"> <li>• Social benefit clauses;</li> <li>• London Living Wage;</li> <li>• Best value;</li> <li>• TUPE, pensions and other staffing implications</li> </ul>	As outlined in this report. See paragraph 3.5
6. Award criteria	The award criteria for the contract will include 30% weighting for social value. The award criteria price/quality breakdown is more particularly described within the report. See paragraph 3.6
7. Any business risks associated with entering the contract	The principal business risks are around market demand for film and TV product and the impact on Islington residents of film shoots. See paragraph 3.7
8. Any other relevant financial, legal or other considerations.	See paragraphs 4.1, 4.2 and 4.3

## 4. Implications

### 4.1. Financial Implications

4.1.1. The contract type- service concession reduces the risk to the Council by not having to fund a team upfront in the Cultural Enrichment team to cover Filming activities. The contract also encourages the concession to strive for growth since the rewards are based on profit sharing, but previous turnover is not a guarantee that this will happen in the future. Thus, average turnover is a reasonable assessment for the value of the contract.

### 4.2. Legal Implications

4.2.1. This Report seeks approval to procure a concession contract for up to 8 years (3 years plus up to a further 5 years) at an annual turnover of £1,009,579 which means that the procurement is subject to the Concession Contracts Regulations 2016 as well as the council's own Procurement Rules; the proposed Open tender process to be published on *Find A Tender* is compliant with both.

4.2.2. The council has power to procure and enter into this contract pursuant to Section 111 of the Local Government Act 1972, Section 1 of the Local Government (Contracts) Act 1997 and Section 1 of the Localism Act 2011.

4.2.3. This is a decision which, due to the total contract value being over £2m, must be taken by the council's Executive, who may delegate power to the Corporate Director to sign the Contract Award Report in due course, subject to the Corporate Director being satisfied that the contractor is competent to deliver the service and that the contract represents value for money for the council.

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

- 4.3.1. This service cannot be delivered currently on a zero emission basis, because through the Islington Film Service, independent film production companies will apply for licenses to film and the government has not yet introduced specific legislation to limit emissions by film production companies. The contract will include clauses relating to economic, social, and environmental sustainability. The successful bidder will be required to include material use and waste generation minimisation policies within its standard terms and conditions. The contract will include clauses relating to use of energy in environmentally sustainable ways.

#### **4.4. Equalities Impact Assessment**

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.

- 4.4.1. An Equalities Impact Assessment is not required in relation to this report, because, after reviewing the Equalities Impact Assessment Screening Tool, the Fairness and Equality Team determined that a full Equalities Impact Assessment was not required.

## **5. Conclusion and reasons for recommendations**

- 5.1. Following an analysis of the Islington Film Service, the recommendation is for the Council to undertake a procurement exercise for an external provider, because the other options considered are likely to incur greater expense and reduce income from film to the Council.
- 5.2. This recommendation is the result of extensive consultation including with external partners such as Film London. We have also been liaising with in-house teams, most significantly those in the Environment and Climate Change directorate, to ensure relevant services are invested in the procurement process and that issues are anticipated and addressed.

**Appendices:**

- 1 Exempt Appendix

**Background papers:**

- None

**Final report clearance:**

Authorised by:

**Executive Member for Equalities, Culture and Inclusion**

Date: August 2023

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