

WEST MIDLANDS PRODUCTION FUND GUIDELINES

These guidelines are for prospective applicants to Creative England's **West Midlands Production Fund** (WMPF). They should be read in conjunction with any accompanying FAQ's.

About Creative England

Creative England is a not-for-profit company that invests in and supports the best ideas, talent and businesses across film, TV, games and digital media.

Our film and TV-related activities currently include support for development, production, business growth & inward investment, and are largely focussed in the English regions (outside Greater London).

We distribute National Lottery funds, delegated from the British Film Institute (BFI), as well as Regional Growth and European Regional Development Fund investment. We also offer a comprehensive 'money +' service that offers expert advice, contacts and advocacy to all the individuals and businesses that we invest in.

For information on our support for film and TV, please visit www.creativeengland.co.uk/film

West Midlands Production Fund

The West Midlands Production Fund supports the development of the West Midlands as a dynamic, sustainable film and TV drama hub by providing access to finance for start-up SME's who are active in moving image content production.

Previous investments have included *Spooks: The Greater Good*, *The Call Up*, *Nativity 2*, *One Mile Away*, *Toast*, *Hustle*, *Line of Duty* and *Dancing On The Edge* amongst others.

The Fund is part-financed by the European Regional Development Fund Programme 2007 – 2013.



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Development Fund 2007-13

What can I apply for?

The Fund can support the production of:

- Feature films of all genres including documentaries and animation; and
- High-end TV drama series, serials and one-offs

It cannot support the cost of development or the production of shorts films, other television programmes or games.

At the time of application your project will need to have a director and producer formally attached, be ready for packaging and have a budget, financing plan and sales/distribution strategy in place. Your company must also own or have under option the relevant rights in the project.

Your project must be capable of scoring 11 points or more in our Regional Test (see Appendix 1) in order to be considered eligible.

All projects should be able to evidence a clear commercial/business strategy and a realistic expectation of a return on our investment.

How much can I apply for?

The Fund can invest up to £1,000,000 in any one feature film or TV drama project - with the minimum investment being £100,000. The Fund is able to invest a mixture of both debt (by way of gap, pre-sales discounts, distributor advances and UK Tax Credit discounting) and equity, the balance and terms of which will be determined with the Applicant as the project moves through its assessment process.

The level of the Fund's overall investment will be commensurate with the proposed project and higher-level awards will only be made to projects that carry a greater prospect of commercial return as well as a powerful regional impact.

Any investment by the Fund – either as debt or equity - must be matched £ for £ by an equivalent amount of private and/or public sector risk finance, on terms to be agreed. Co-investment from public or quasi-public investors such as the BFI, BBC and Channel 4 (excluding broadcast licence fees) as well as in certain circumstances EIS/SEIS and the UK Tax Credit can be treated as eligible match, in addition to investment from independent private sector investors.

Projects attracting significant levels of private investment will be given priority by the Fund.

Who can apply?

Applications must be made through a company registered in the UK or another state of the European Union or European Economic Area and/or registered as a subsidiary in the UK.

Applicants must be a qualifying unlisted SME under the existing European Union definition¹ and its principals will be expected to demonstrate a strong track record of success in the production of moving image content.

Successful applicants who are not already situated in or trading from the West Midlands will be required to establish and maintain an active trading company in the region for a period of not less than 24 months from the date of any investment by the Fund.

Deadlines & Decision Timetable

This is a rolling fund so there is no current deadline for applications. However, all investments must be agreed and drawn down prior to 31st December 2015.

It may take up to 8 weeks to process your application and to reach a funding decision. You should ensure that the start dates of your project reflect this timescale.

How to apply

Pre-application: All prospective applicants must complete and submit an Expression of Interest (EOI) form online prior to making an application. This will allow us to discuss your project with you in advance and for you to get an idea of whether it is likely to be a good fit with the Fund before you start work on an application.

The EOI form can be accessed via the 'Production Funding' tab at www.creativeengland.co.uk/film/production-funding

A member of our team will contact you within 8 working days of submitting your EOI. Any feedback or advice we give is not part of a formal assessment and should not be considered an endorsement of your project or a guarantee of funding.

Should you subsequently decide to make an application, we will email you a link that will allow you to complete and submit an application form online.

We regret that we cannot accept applications by disc, fax, email or by post except by prior arrangement.

As part of your application, you will need to submit the following information:

- Evidence of appropriate rights ownership/control (Option, Rights Agreements..)
- Full screenplay
- Production budget and schedule
- Finance plan submitted using the screenadvantage.com App

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http://ec.europa.eu/enterprise/policies/sme/files/sme_definition/sme_user_guide_en.pdf

- Detailed business/commercial plan for your project with appropriate sales agent & distributor attachments, revenue estimates and letters of intent.

Following submission, you will receive an email confirming that we have received your application, together with a tracking number to be used in all correspondence.

If you have not received such email confirmation within 10 working days of your submission, then please contact us on productionfunding@creativeengland.co.uk

All applications are checked for eligibility against the guidelines. If your application is ineligible, we will send you an email informing you as to why. We are unable to progress ineligible applications but may at this stage allow you to correct an error if it is the sole reason why it is ineligible.

Assessment and Selection Criteria

Eligible applications will be assessed by Creative England's Senior Film Executive – Production and other members of the Film team, as appropriate. We may also use external assessors and/or consultants from time to time.

In addition to scoring your project in accordance with the Regional Test, your proposal will be assessed against the following criteria:

- The creative merits/strengths of the project.
- The abilities and track record of the core team (director, producer, writer) and any identified partners, and their creative, technical and managerial capacity to deliver the project.
- The viability of the proposed budget, schedule and finance plan.
- The market potential of the project, and the likelihood of recouping the Fund's investment and generating a financial return.
- The availability and levels of private sector/other public sector investment leveraged by the Fund's proposed investment, together with the terms and conditions of such.
- The broader impact of the project upon the economic development of the West Midlands.

It may be necessary to request a meeting with you or additional information in order to complete a proper assessment and to carry out corporate and financial due diligence. We will inform you if these have a material impact on our decision-making timescales.

We expect a high demand for this Fund and we have a finite amount of money to invest. Even if your application meets all the above criteria, we may not necessarily be able to invest in your project.

Funding Decisions

Following assessment and due diligence, the Senior Film Executive – Production will either decline your application or make a recommendation for investment to the West Midlands Production Fund Investment Panel.

The Investment Panel comprises Creative England’s CEO, Director of Finance and Head of Film, together with a member of Creative England’s Board and a suitably experienced independent industry professional.

As well as considering the individual merits of each recommended proposal, the Investment Panel will also consider the overall availability of monies through Fund, the agreed spending profile for the Fund and the risk/reward profile of the existing investment portfolio.

The Investment Panel may from time to time call upon independent expert witnesses or industry professionals operating under NDA for their advice/counsel but these have no direct voice in or voting rights with respect to any investment decisions.

The decision of the Investment Panel with respect to all investments by Fund is final.

All successful and unsuccessful applications will be confirmed in writing as soon as possible after an investment decision has been made.

Investments and Conditions

If your application is successful, you will be sent an offer letter that sets out the terms and conditions of our investment. Please refer to Appendix 2 of these guidelines for details of our standard terms and conditions for investments by this Fund.

An offer of investment will remain open for a specified time in order to allow you time to secure other funding. After this time, the offer of funding will lapse unless extended at our sole discretion.

It is a condition of any investment that successful applicants co-operate with Creative England and its related funding partners in any PR and press activity relating to their project.

Feedback

Due to the high volume of applications that we expect to receive, we regret that we are unable to give formal written feedback on unsuccessful applications to this Fund.

At the specific request of the applicant, and when time and resource allows, we will endeavour to offer informal feedback by telephone or email.

We also welcome constructive feedback on our application and assessment processes.

Return of Materials

Creative England will retain the application form for declined projects for the period required by the European Union for audit purposes after which it will be destroyed. Other supporting materials will only be returned to you if a stamped self-addressed envelope is enclosed with them. Otherwise the materials will be destroyed after the project has been declined.

Resubmission

We can only accept resubmissions for projects if there have been significant and substantial changes to a script, or major new elements have been attached and/or secured since the last application. All resubmissions must be discussed with and agreed by us in advance.

Speculative Submissions

We regret that we are unable to read scripts or consider projects that have not been formally submitted through the application process.

Appeals and Complaints

Creative England's decision in all matters concerning the assessment and selection of projects for investment is final. Inevitably, applicants may be turned down and may be disappointed as a result.

Applicants who wish to make an appeal against an investment decision can only do so if they have good cause to believe that the correct procedures, as published in these guidelines, have not been adhered to or applied in such a way as to prejudice the outcome of an application.

A copy of our complaints procedure can be obtained from Creative England on request.

Contact Details

If you have any queries on the process, eligibility or the application process for the West Midlands Production Fund, please email productionfunding@creativeengland.co.uk quoting 'WMPF Query' in the subject header.

Whilst the information and advice in these guidelines is believed to be accurate at the time of going to press, Creative England reserves the right to make changes at any time at its discretion. Neither Creative England nor any of its partners shall be responsible for any loss attributable to errors, omissions or other inaccuracies in the information contained in these guidelines.

Appendix 1:

Regional Test for submissions to the West Midlands Production Fund.

1. Filming in the Region

Filming activity includes pre-production, the location of the unit base, shoot etc, regardless of where the story itself takes place. The percentage of filming activity is measured by time spent in the region.

5 points will be awarded if at least 75% of the filming activity is based in the West Midlands.

4 points will be awarded if at least 50% of the filming activity is based in the West Midlands.

3 points will be awarded if at least 25% of the filming activity is based in the West Midlands.

2. Creative Hubs

This considers the amount of filmmaking activity, other than principal photography, that takes place in the region. This includes Music Recording, Audio Post Production, Picture Post Production and voice recording (documentaries).

1 point will be awarded if 50% of ONE of these activities takes place in the West Midlands.

2 points will be awarded if 50% of TWO of these activities takes place in the West Midlands.

3 points will be awarded if 50% of THREE of these activities takes place in the West Midlands.

3. Regional theme

2 points will be awarded if the film depicts a story from or dealing with the West Midlands.

4. Writer/Producer/Director

1 point will be awarded if the Writer is based in or is from the West Midlands.

1 point will be awarded if the Director is based in or is from the West Midlands.

1 point will be awarded if the Individual Producer, Co-Producer or Line Producer is based in or are from the West Midlands.

A further bonus point will be awarded if all 3 are based in or are from the West Midlands.

5. Lead Actors

1 point will be awarded if at least one of the leading actors is based in or is from the West Midlands.

6. Cast

2 points will be awarded if at least 50% of the cast (including extras) by number are based in the West Midlands. This excludes lead actors who are counted in the section above.

7. Heads of Department

1/2 point will be awarded for every Head of Department that is based in the West Midlands up to a maximum of 3 points.

8. Crew

The number of crew excludes Heads of Department who are counted in the HOD section above.

5 points will be awarded if at least 75% of the crew are based in the West Midlands.

4 points will be awarded if at least 50% of the crew are based in the West Midlands.

3 points will be awarded if at least 25% of the crew are based in the West Midlands.

9. Trainees

1 point will be awarded if the production takes on trainees from the West Midlands.

10. Golden points

Golden points will be awarded as follows:

2 points will be awarded for achieving 4 points in section 1

2 points will be awarded for achieving 4 points in section 2

1 point will be awarded for achieving 4 points in section 1 and 3 points in section 2

1 point will be awarded for achieving 3 points in section 3

Appendix 2:

If you are successful in your application to the West Midlands Production Fund you will be required to enter into an agreement(s) with Creative England that sets out the terms and conditions of our investment. These will include amongst others:

1. You will need to establish clear title to your project and demonstrate that you have or can acquire the rights necessary to produce and fully exploit your project/TV drama.
2. We will pay our investment to a limited company registered in and actively trading from the West Midlands 2007 – 2013 Operational Programme Area. This company must be an unlisted SME http://ec.europa.eu/enterprise/policies/sme/files/sme_definition/sme_user_guide_en.pdf that has either (i) not been operating in any market and has yet to make its first sale, or (ii) has been operating in any market for less than 7 years following its first commercial sale. It will be a requirement of our investment that the company continues to be registered in and actively trading from the West Midlands for a period of not less than 24 months from the date of our investment.
3. We will require certain approvals over your project including the terms of other finance, the identity and terms of engagement of the sales agent and all distributors, all documentation prepared in relation to the project, key elements (including writer, director, individual producer, principal cast & principal crew), the production budget, cashflow schedule, production schedule and insurance policies.
4. In order to comply with State aid requirements, you will need to evidence and warrant that the total risk finance aid from all sources received by the company including any investment by the Fund shall not exceed €15,000,000 (€12,000,000 where such finance includes EIS, VCT and CVS) under any risk finance measure.
5. Our investment will be remitted to a separate dedicated production account set up by the company for the project. We will not commence cashflowing of our investment until:
 - all necessary legal agreements relating to the financing, sales and distribution of the project have been executed and all commitments and conditions precedent required for financial and legal closing have been satisfied;
 - payment of the equivalent private and/or public sector match investment has been made into the production account and has been verified by a certified copy of the relevant bank statement or bank transfer documentation.
6. We may holdback a proportion of our investment until formal delivery and completion of the project.
7. You may be required to assign a share of copyright in the project to Creative England.
8. We may take a security interest over the company receiving our investment and over any co-producer of the project.
9. Your production budget should normally allow for the clearance of worldwide rights in all media in perpetuity from all individuals and organisations who are contributing to or whose material is featured in the project.

10. You will be required to ensure that your project is produced in accordance with the requirements of all unions and guilds having appropriate jurisdiction and all legislative requirements, both National and EU, including those concerning National Minimum Wage.
11. You will be required to comply with the relevant European Union requirements as regards procurement, equal opportunities, environmental policy and document retention.
12. You will be required to put in place all customary production insurances (including Errors and Omissions) with Creative England named as an additional insured.
13. You will be required to provide certain delivery materials to Creative England, the cost of which must be included in your budget.
14. Your production budget should normally allow for CE's agreed legal, finance and production services fee that will be commensurate with those of other investors in the production.
15. All revenues from the project must be collected by an independent collection agent, with Creative England having approval over their identity and terms of engagement. In exceptional circumstances, we will consider alternative collection arrangements for TV drama productions.
16. During production, we will require access to all relevant information about your project and to be able to attend during any stage of production. We will have consultation rights over the assembly and all cuts of the project together with a shared right of approval over the final cut alongside other financiers, where appropriate.
17. You will be required to meet any commitments made in your investment proposal with regard to the Regional Test and to provide monitoring information with respect to the expenditure on goods and services in the West Midlands in connection with the project and the number of jobs to be created during the project for people permanently resident in the West Midlands. You will also be required to provide on-going monitoring information as may be reasonably required by Creative England and its relevant funding partners in order to measure the impact and outcomes of our investment.
18. You will be required to comply with Creative England's West Midlands Production Fund branding guidelines. These include providing Creative England and the European Regional Development Funding Programme with an appropriate onscreen credit on your project as well as a credit in all related materials. Where a Creative England executive has engaged with your project in a substantive manner, you may choose to provide an Executive Producer credit to them at the discretion of Creative England's Head of Film. You will also be expected to co-operate with Creative England and its relevant funding partners in any PR and press activity relating to your project and our investment in it.
19. All projects supported with production funding will be required to demonstrate a commitment to training and skills development through their active participation in appropriate intern, trainee and/or apprenticeship schemes. In addition, the producer, writer and director shall make themselves available, subject to professional commitments, to providing mentoring and/or industry training as we may reasonably request.
20. You will be expected to co-operate with Creative England's Production Services and Locations team in the West Midlands and to abide by any City Council or Local Authority codes

of conduct in relation to projecting permits, etc. You may be asked to participate in the marketing of the Production Services and Locations offer and to provide access to the project in order to promote the West Midlands, as reasonably required.