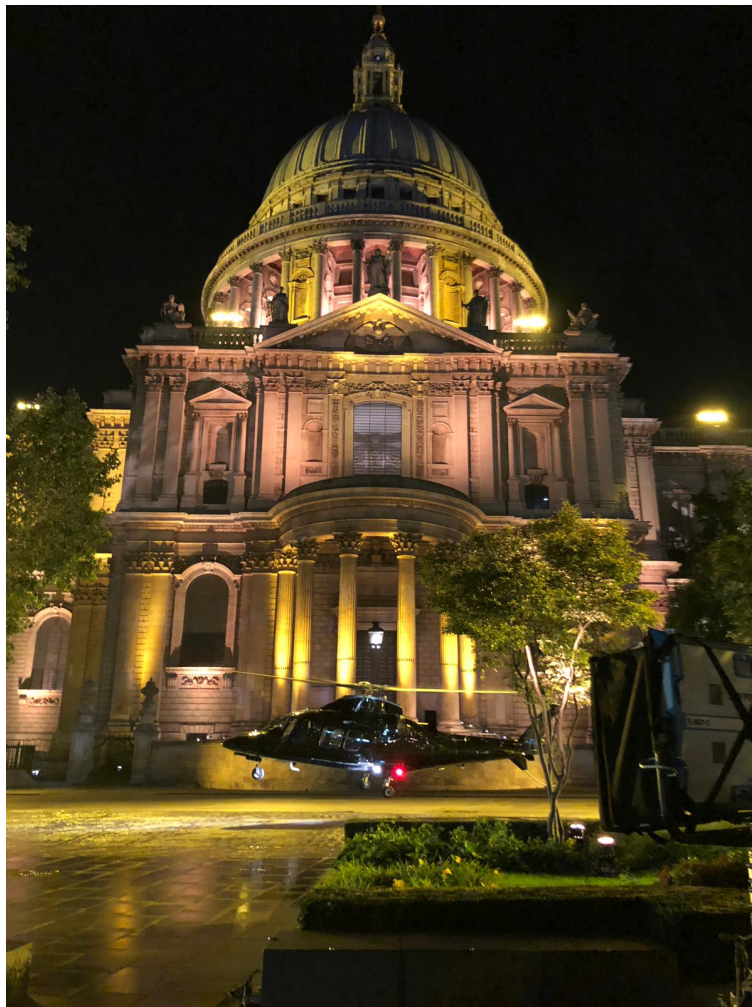


# RELLAW

## Film Consultants report for The City of London Corporation.



*September 2018: Filming Hobbs & Shaw at St Paul's Cathedral*

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## Executive summary

This report sets out a strategy for commercial filming for the City of London Corporation's buildings and open spaces. The vision for this strategy is that the corporation grows the levels of income from film and TV productions using its buildings and open spaces by simplifying the processes and procedures and standardising the legal contracts that are agreed for each filming event. Furthermore, that the corporation promotes its buildings and open spaces via an established and reputable location agency.

It is estimated that over the next three years an additional £151,543 of income can be generated by taking this approach.

76% of London boroughs promote filming in a similar way and use the income generated to invest back into the boroughs.

The primary 27 buildings and open spaces that are suitable for filming would be promoted by selecting a reputable and established location agency that would liaise directly with the local staff at each location. The agency chosen would take great care to ensure that the reputation and profile of the City is preserved and not placed at risk by the type of film or TV programme being allowed to film.

## Background

### Tax relief

Since 2007 the UK Film Tax Relief has encouraged productions into the country – with blockbusters including *The Bourne Ultimatum*, *Gravity*, *The Dark Knight Rises*, *The Martian*, *Fast & Furious 6* and *Star Wars: The Force Awakens* all making use of the UK's world-class industry.

Tax reliefs announced in 2013 and 2014 offer the same benefits to high-end television, animation for broadcast, and video games. In 2015 the film tax relief was broadened, and reliefs for children's television made more accessible.

### Industry growth.

Due to the tax relief, the UK film and TV industry is booming and has been growing steadily over the last two decades. 2018 saw 202 feature films go into production with an interim total spend of £1.924 billion, the second highest recorded level of production spend on record.

2018 has seen a further boost in high-end television productions made in the UK with an interim spend of £1.173 billion across 119 productions, an increase of 4% on 2017's consolidated spend of £1.13 billion and also the highest level of spend since the introduction of tax relief.

The commercial and cultural strength of the UK's production sector is grounded in international confidence in the excellence of UK crews, the quality of the UK's state-of-the-art studios and facilities, our film-friendly locations, the expertise provided by the British Film Commission which is funded to deliver on inward investment and the attractive fiscal environment created by the Government's screen sector tax reliefs. This winning combination continues to cement the UK's reputation as the global destination of choice for film and TV production as well as making exportable films and television programmes.

#### Film locations

From iconic landmarks to seemingly indistinct woodland, London's range of locations is rivalled by none and although London is often used to represent itself, it has also been put to good use as a double for other parts of the world such as the US, Russia and many European countries.

Film London estimate that 70% of film and TV production takes place in and around London and the demand for suitable locations has never been greater.

#### Location agencies

Location agencies generate income by representing multiple locations and managing relations on their behalf with film and TV productions. They promote the locations that they represent via sophisticated web-based marketing tools and by offering search facilities to productions looking for specific locations. Most agencies take payment from productions in advance and so this protects owners from late or non-payment of location fees.

#### Filming days

During 2018, it is estimated that productions filmed on location for more than 15,000 days which means over 40 crews on location in London every day.

#### Income to local economy

Feature films shot on location in London made £168 million for the capital in a year. The study, commissioned by Film London, found for filmmakers spending £10,000 a day on council fees, an extra £27,600 was generated for the local economy.

TV dramas shot in London also boosted council coffers by £5,300 per filming day in 2017, the report by BOP Consulting found. For every pound spent on local authority charges, such as admin fees and logistical costs, including road closures for feature

film-making, an additional £2.76 was generated, including £1.79 spent in or with local businesses, the report found.

#### London boroughs

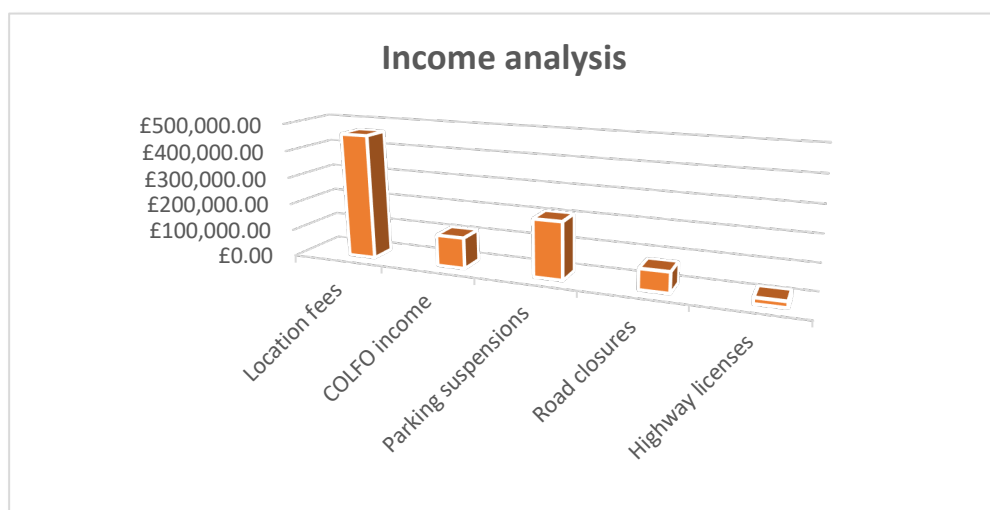
All 32 London boroughs and the City of London derive income from film and TV productions by charging for services such road closures, parking bay suspensions and licensing fees.

In addition, 25 boroughs also promote council owned buildings and open spaces to film and TV productions and charge a daily rate for their use. The income generated is then invested back into the boroughs.

### City of London

The City Corporation manages filming across the public streets of the square mile including its city gardens and five bridges. In addition to this it manages 11,000 acres of open space and three large wholesale markets. It has two housing estates in the City and 10 other estates situated in six other London boroughs. Amongst other locations, the Corporation looks after several schools, the Old Bailey, Mansion House, Guildhall, the London Metropolitan Archives and the Heathrow Animal Reception Centre. The City Surveyors department manages the Corporation's property portfolio and markets its empty office space.

Total income to the City from filming during 2018 was £880,667 and breakdown of proceeds can be seen below



The City Corporation does not actively promote its buildings and open spaces to film and TV productions and instead relies on them to make their own enquiries. When film and TV productions are seeking locations, often their first port of call will be the established location agencies who provide them with a folio of locations for each request. 25 of the corporation's 27 buildings and open spaces are not registered with any location agencies and so opportunities are missed.

## Project methodology

Working closely with the City of London Film Office (COLFO), 34 City Corporation owned buildings and open spaces were identified that had either been used for filming in the past, or were considered to have the potential as film locations:

Old Bailey	Parliament Hill Fields
Mansion House	Golders Hill Park & Pergola
Guildhall	Keats House
Barbican Art Centre	Epping Forrest
Barbican Estate	Burnham Beeches
Avondale Estate	Queens Park
Golden Lane Estate	Highgate Woods
Middlesex Street Estate	City of London Cemetery
Leadenhall Market	Monument
Chartered Inst Insurers	City of London School Girls
Billingsgate Market	City of London School Boys
Smithfield Market	Guildhall School of Music & Drama
New Spitalfields Market	Freeman's School
Heathrow Animal Recep	Sir John Cass School
Tower Bridge	Walbrook Wharf
Hampstead Lido & City Ponds	London Metropolitan Archive
Hampstead Heath, body of the Heath	Barking Power Station

Over a three-month period (November 2018 until February 2019) 33 locations were visited to establish their suitability for filming. The City of London Cemetery was not visited as it was quickly established that due to the number of funerals taking place each week, filming would not be possible. During each visit a questionnaire was completed to establish if filming would be possible without disrupting day to day business.

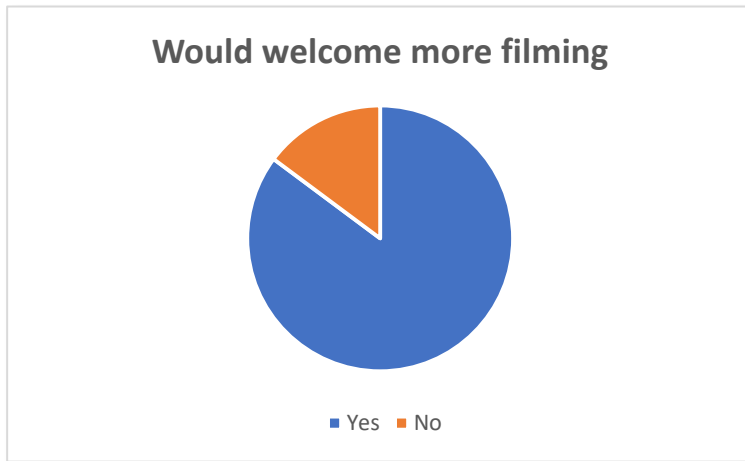
Following the site visits, five locations were identified as being out of scope for filming because of operational reasons or that the site was not suitable for film and TV productions:

Highgate Woods	Keats House
Walbrook Wharf	London Metropolitan Archive
Heathrow Animal Recep	

## Findings

Data from the questionnaires for the remaining 27 locations that remained in scope can be seen below:

Would the location welcome more filming and the associated income?  
88% of the buildings and open spaces had recent experience of filming and would welcome the opportunity to promote their location.

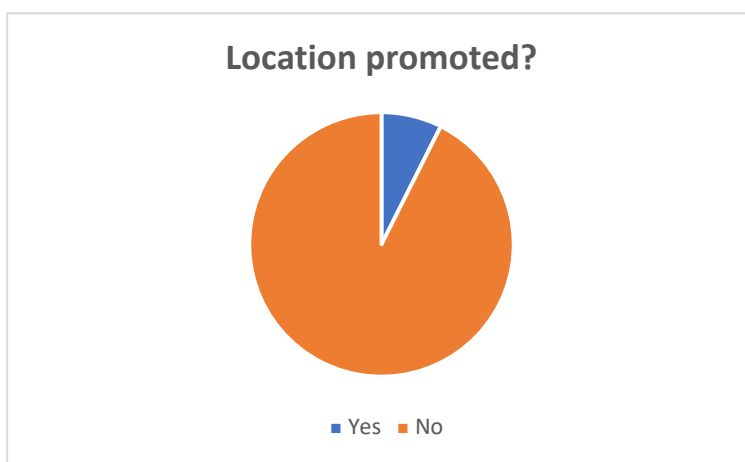


Four locations would prefer not to increase levels of filming:

Barbican Estate                      Middlesex Street Estate  
Golden Lane Estate                  Hampstead Lido and City Ponds

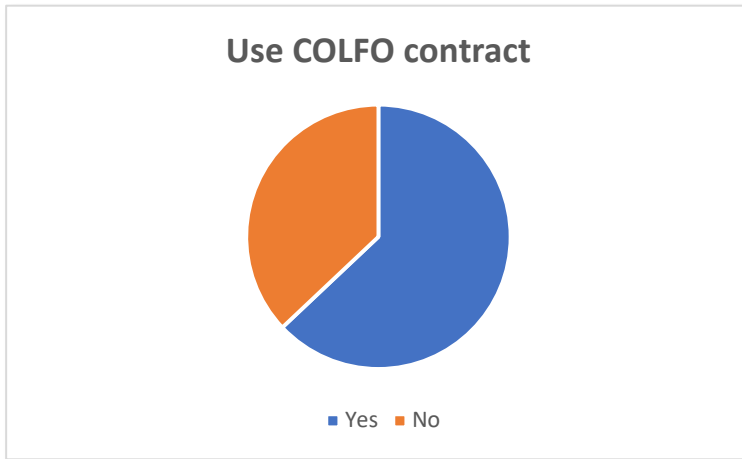
All four cited objections from local residents and resident's associations as the key difficulty.

Is the location promoted to the film and TV industry?  
Only two locations (Freemen's School and Sir John Cass School) are currently promoted and this is done via Surrey Film Office and Tower Hamlets Film Office respectively.



City of London Corporation Filming Contract

A number of buildings and open spaces are not aware that COLFO has a comprehensive filming contract and so use alternatives such as letting contracts and event agreements. Failing to use the filming contract places the corporation in jeopardy should a legal dispute take place.



Filming charges

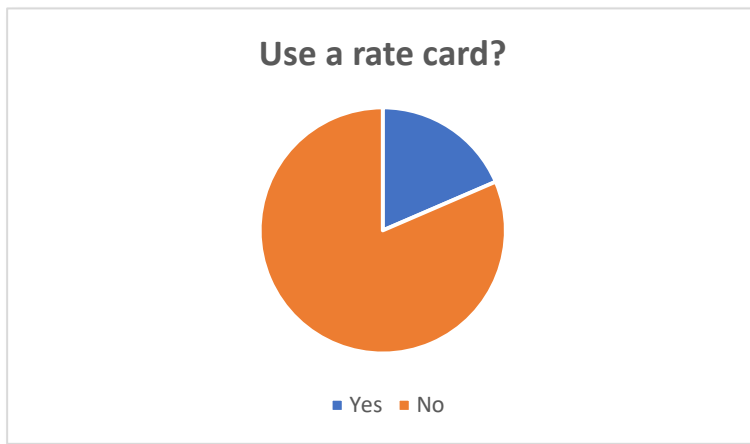
The film and TV industry are used to a tiered system of charges for filming at locations with larger productions paying more than smaller ones. See ‘rate card’ example below from Royal Parks:

FEATURE, TV DRAMA & COMMERCIAL (Includes but not exclusive to; corporate films, commercial virals and luxury brand fashion photography)						
	St James's Park, The Green Park, Hyde Park, Kensington Gardens, The Regent's Park, Grosvenor Square, Victoria Tower Gardens, Primrose Hill, Brompton Cemetery			Greenwich Park, Richmond Park, Bushy Park		
CAST AND CREW	Up to 4 hours	Up to 8 hours	Up to 12 hours	Up to 4 hours	Up to 8 hours	Up to 12 hours
1 – 20	£1,000 +VAT	£1,500 +VAT	£2,000 +VAT	£730 +VAT	£1,100 +VAT	£1,450 +VAT
21 – 40	£1,700 +VAT	£2,200 +VAT	£3,500 +VAT	£1,250 +VAT	£1,600 +VAT	£2,550 +VAT
41 – 60	£2,500 +VAT	£3,900 +VAT	£5,300 +VAT	£1,800 +VAT	£2,800 +VAT	£3,800 +VAT
60+	By negotiation only					

Currently, the COLFO team negotiate fees on a case by case basis using their experience and and by judging the scale of the production.

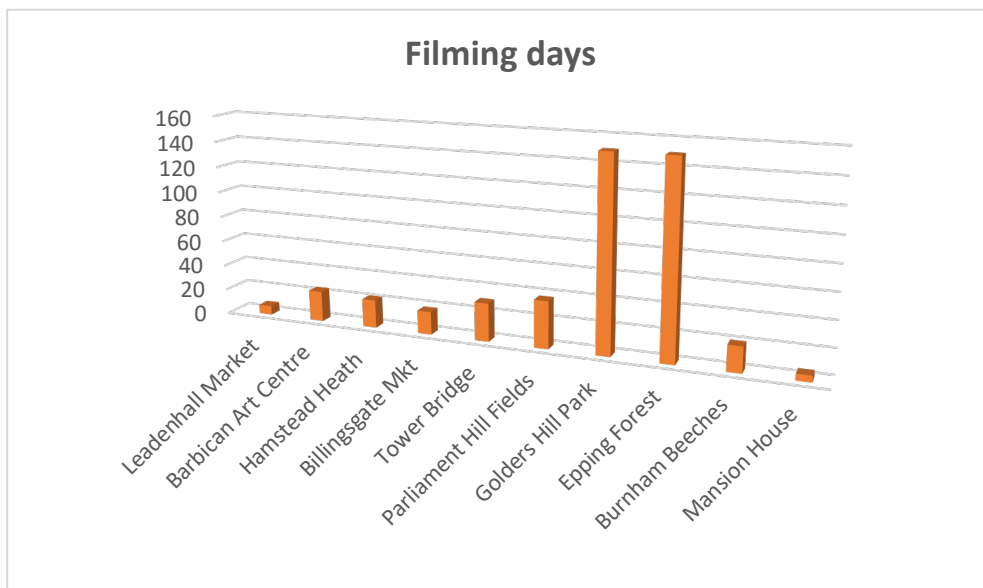


Only five locations have a rudimentary rate card with the remainder negotiating a rate with each production in turn.



### Filming days

Overall filming days during 2018 from film and TV productions using the 27 Corporation locations was 741. The top ten locations generated 62% of the total and they can be seen below in more detail:



## Income

Overall income during 2018 from film and TV productions using the 27 City Corporation locations was £466,194.

1	Old Bailey	£2,000
2	Mansion House	£35,000
3	Guildhall	£400
4	Barbican Art Centre	£73,794
5	Barbican Estate	£0
6	Avondale Estate	£2,300
7	Golden Lane	£4,825
8	Middlesex Street Estate	£16,750
9	Leadenhall Market	£7,300
10	Chartered Inst Insurers	£0
11	Billingsgate Market	£61,325
12	Smithfield Market	£0
13	New Spitalfields Market	£0
14	Tower Bridge	£29,550
15	Hampstead Lido & City Ponds	£0
16	Hampstead Heath, body of the Heath	£0
17	Parliament Hill Fields	£31,000
18	Golders Hill Park & Pergola	£70,000
19	Epping Forrest	£41,200
20	Burnham Beeches	£55,000
21	Queens Park	£1,500
22	City of London School Girls	£8,250
23	City of London School Boys	£14,000
24	Guildhall School of Music & Drama	£0
25	Freeman's School	£8,500
26	Sir John Cass School	£3,500
27	Barking Power Station*	£0
	<i>* Only available for 9 - 12 months</i>	
		<b>£466,194</b>

The top ten locations generated 93% of the total income and they can be seen below in more detail:



## Conclusions

The UK's reputation as the global destination of choice for film and TV production means that London continues to benefit from the huge demand for both locations to film and studio space. The City in particular has always been popular with productions because of the architecture and its unique weekday working pattern.

The current level of filming income to the City Corporation is significant and over 50% is derived from making its buildings and open spaces available as locations.

However, a much greater level of income could be generated by promoting its locations effectively to film and TV productions, adopting a clear and transparent rate card structure and ensuring a consistent approach to legal contracts.

## Recommendations

This report makes the following recommendations.

That:

1. The City Corporation promotes its 27 primary buildings and open spaces via an established and reputable location agency.
2. The City Corporation retain the remaining 41 other locations as they are rarely used for filming and the income is de minimis.
3. The agency selected be a member of the London Filming Partnership to ensure compliance with the Film London Code of Practice.
4. The income derived from filming at locations be distributed back to the buildings and open spaces to ensure their continued support and cooperation.
5. The City Protocol Strategic Guidelines be maintained.
6. The local staff at each building and open space remain involved in filming at their location.

## Benefits

1. Whilst it is anticipated that more income can be generated by promoting the City Corporation's buildings and open spaces, it is not guaranteed. Using a location agency means that no incremental costs are incurred and that the 25% agency fee is only incurred when income is generated.
2. It is expected that income growth from filming will be far greater using an established location agency than could be achieved by the City Corporation attempting to promote the locations itself.
3. To promote the City Corporation's buildings and open spaces will require that each is visited, photographed and for buildings, floor plans and asbestos reports made available. The cost of photographing 27 locations and managing the distribution of plans and reports will be met by the chosen location agency.
4. The established and reputable location agencies provide their location folio service to all the 350 Location Managers working in the UK. Making professionally taken photographs and floor plans of the City Corporation's buildings and open spaces available via an agency should increase their use by film and TV productions and so generate incremental income.
5. Currently the City Corporation enters into a legal contract with every film or TV production that uses a Corporation location and the cost of this administration and the legal risk is borne by the Corporation. Using a location agency means that the Corporation has one annual contract with them. All film and TV productions filming at Corporation locations would then negotiate contracts directly with the agency.

## Financial benefits

It is estimated that over the next three years an additional £151,543 of income can be generated by promoting the City Corporation's buildings and open spaces via a location agency.

The figure has been calculated by comparing income levels for the next three years between the current business model and that recommended in this report.

Current business model income forecast.

	2019/20	2020/21	2021/22	TOTAL
<b>Current model</b>	2%	2%	2%	
Current total locations income	£466,194.00	£490,292.88	£514,873.74	£1,471,360.62
Income from Barking Power Stn	£50,000	0	0	£50,000
Plus growth for locations	£9,323.88	£9,805.86	£10,297.47	£29,427.21
Plus COLFO admin fees	£14,775.00	£14,775.00	£14,775.00	£44,325.00
<b>Locations Total</b>	<b>£540,292.88</b>	<b>£514,873.74</b>	<b>£539,946.21</b>	<b>£1,595,112.83</b>

## Location agency income forecast.

		2019/20	2020/21	2021/22	
Promote via Locations Agency	Growth:	40%	15%	10%	TOTAL
Current total locations income		£466,194.00	£652,671.60	£750,572.34	£1,869,437.94
Income from Barking Power Stn		£100,000.00	0	0	£100,000.00
Plus growth for locations		£186,477.60	£97,900.74	£75,057.23	£359,435.57
<b>Locations Total</b>		<b>£752,671.60</b>	<b>£750,572.34</b>	<b>£825,629.57</b>	<b>£2,328,873.51</b>
Agency fees @	25%	£188,167.90	£187,643.09	£206,407.39	£582,218.38
<b>Net total</b>		<b>£564,503.70</b>	<b>£562,929.26</b>	<b>£619,222.18</b>	<b>£1,746,655.14</b>

## Q&A

**Q:** Could the City Corporation promote its buildings and open spaces instead of a location agency?

**A:** The established location agencies each represent thousands of buildings and so are often the first port of call when film and TV productions are looking for locations. They use sophisticated web-based marketing tools that allow productions to search for locations using multiple search criteria.

The agencies also employ experienced staff who will carry out large scale searches on behalf of productions and provide folios of suitable locations.

It would be prohibitively expensive for the City Corporation to invest in the staff and technology to offer a comparable service.

The main problem however, would be that such a service would only offer 68 locations (27 primary and 41 secondary) and so would not attract adequate enquires.

**Q:** Can the 25% agency commission be reduced?

**A:** 25% is the average location agency level of commission. It is entirely possible that a rigorous procurement process in selecting an agency could reduce the level of agency commission.

**Q:** Are all location agencies the same?

**A:** In simple terms, all the agencies find and provide locations in return for a commission paid for by the location owner.

Film London lists 28 location agencies that specialise in London locations. Of the 28 though, only a handful would have the financial resources and ability to scale that would be required when taking on 27 buildings and open spaces at once.

## **Risks and mitigation**

### **1. Reputational risk.**

With film and TV productions being managed by a location agency rather than the City Corporation, there is a risk that the footage broadcast could portray the City negatively or associate the City with disreputable activities.

This risk can be mitigated by ensuring that the City Filming Protocol Strategic Guidelines are incorporated into the contract between the City Corporation and a location agency.

### **2. Financial risk.**

There is a risk that a location agency could mis-manage the promotion of the City Corporation's buildings and open spaces resulting in reduction in income from filming activities.

This risk can be mitigated by ensuring that during the tender process managed by Procurement, the agencies bidding are provided with historical income figures and asked to provide detailed income forecasts. When an agency is chosen and appointed, the contract between them and the City Corporations, should include a clause requiring them to report actual income versus forecast income on a monthly basis. The contract should also contain a clause giving the City Corporation the right to cancel the contract at its discretion should income forecasts not be met.

### **3. Impact on day to day business.**

A reputable and established location agency will promote the City Corporation's buildings and open spaces to the UK and international film and TV industry. There is a risk that the promotion generates a level of filming activity that begins to affect day to day business for the location.

This risk can be mitigated by ensuring that the contract between the location agency and the City Corporation contains a clause that allows the Corporation to refuse filming at its discretion.

### **4. Financial security of the location agency.**

There is a risk that the location agency chosen fails to promote the City Corporation's building and open spaces affectively due to financial stress leading to potential insolvency.

This risk can be mitigated by ensuring that the tender process requires the location agencies bidding to demonstrate their financial stability and capital reserves. The COLFO team should also have prepared a disaster recovery plan in advance of a location agency being appointed. The plan would include all measures required to quickly and seamlessly take back the promotion and management of the City Corporations buildings and open spaces.

### **5. Filming booked by location agency but declined by the location**

It is possible that a film or TV production could book a location for filming with the location agency, but on being notified the location itself wishes to decline the booking.

This risk can be mitigated by ensuring that all buildings and open spaces are notified of bookings by the location agency in a timely manner. Also, that the processes and procedures agreed between the City Corporation and the location agency include the ability for COLFO to adjudicate in circumstances where the location agency and the location fail to agree on whether to accept a booking.

#### **6. Filming production overruns.**

It is not unusual due to weather, actor availability or local conditions for productions to overrun. In such circumstances, the production will often ask to film later than agreed or to return at a later date to complete the filming.

This risk cannot be mitigated by the City Corporation. However, overruns occur regularly and an established reputable location agency will have standard procedures for managing them and liaising with the respective location.

#### **7. Health and safety.**

There is a risk with film and TV productions that an incident will occur during filming that will cause injury or death to a member of the cast or crew.







This risk cannot be mitigated by the City Corporation. However, in comparison with other industry sectors the film and TV industry has an excellent health and safety track record. It is also important to understand that the legal responsibility and liability for health and safety rests with the Executive Producers and not with the location owner.

#### **8. Centralisation of income.**

There is a risk that if income that is currently retained by the 27 locations is centralised and so not retained by them to supplement local budgets, their continued support and cooperation could be lost.

This risk can be mitigated by creating a fund from the income generated that departments can apply to for funding improvement projects.

## Appendices

List of primary and secondary locations	 Primary and secondary City
Royal Parks rate card	 Royal Parks filming_and_photo
City Filming Protocol Strategic Guidelines	 Filming protocol strategic
Film London Code of Practice	<a href="#">Link</a>
Film London LFP membership list	<a href="#">Link</a>
Film London listing of location agencies	 Film London location agencies
COLFO income breakdown 2018/19	 April Accounts Calculator Graph
COLFO income breakdown 2004 – 2018	 April Accounts Calculator