


<b>LONDON BOROUGH OF CAMDEN</b>	<b>WARDS:</b> All
<b>REPORT TITLE</b> Procurement strategy: Film Service (SC/2017/51)	
<b>REPORT OF</b> Cabinet Member for Promoting Culture and Communities	
<b>FOR SUBMISSION TO</b> Cabinet	<b>DATE</b> 6 <sup>th</sup> December 2017
<b>SUMMARY OF REPORT</b> This report outlines the current arrangement for the delivery of the Council's Film Service, which co-ordinates location filming activity in the borough, and the proposed procurement strategy for a replacement arrangement.  This report is necessary because the current delivery contract with FilmFixer Limited is due to expire in May 2018 and Cabinet is being asked to agree the procurement strategy for Camden to lead on a tender process in partnership with London Borough of Islington and London Borough of Lambeth to procure a new supply contract.  The report outlines how the new contract aims to support the Camden Plan outcomes and priorities for social and economic improvement and to ensure the service we provide is of a high standard and value for money (see Section 7), and sets out our approach to community engagement via an ongoing consultation strategy (see section 8).  <b>Local Government Act 1972 – Access to Information</b> No documents that require listing were used in the preparation of this report.  <b>Contact Officers:</b> David Waterson - Development Officer (Arts and Tourism) 5 Pancras Square, 4 <sup>th</sup> Floor Tel: 020 7974 8108 Email: <a href="mailto:david.waterson@camden.gov.uk">david.waterson@camden.gov.uk</a>  Oliqur Chowdhury – Procurement Project Manager 5 Pancras Square, 7 <sup>th</sup> Floor Tel: 020 7974 3459 Email: <a href="mailto:Oliqur.chowdhury@camden.gov.uk">Oliqur.chowdhury@camden.gov.uk</a>	
<b>WHAT DECISIONS ARE BEING ASKED FOR?</b>  The Cabinet is being asked to agree to:  The proposed procurement strategy for the future provision of the Council's Film Service to manage location filming in the borough, as set out in paragraph 3.5.	

Signed:  - Director Community Services

Date: 27 November 2017

## **1 WHAT IS THIS REPORT ABOUT?**

- 1.1 This report outlines the current arrangements for provision of the Council's Film Service function and seeks approval for the procurement strategy for the retender of the contract.
- 1.2 The purpose of the contract is to support the Camden Plan outcomes for social and economic improvement and to ensure the service we provide is of a high standard and value for money (see Section 7) by ensuring Camden has a Film Service that supports the responsible management of film production in the borough and minimises any negative, disruptive impacts to our communities and businesses, while maximising the potential income to the Council from filming fees and achieving social value outcomes through creating opportunities for residents to gain training and experience on film sets.
- 1.3 The Film Service engages with several Camden Council service areas (as well as public, private and voluntary sector partners) to co-ordinate filming activities through a consistent, responsive service, reducing pressure on key council departments and ensuring a joined-up, consistent approach with broad oversight of filming activity across the borough.
- 1.4 Camden is one the busiest London boroughs for filming activity, remaining consistently in the top 10, and was the 4<sup>th</sup> busiest borough in 2016.
- 1.5 The service is currently provided by FilmFixer Limited. The contract was awarded on 1<sup>st</sup> May 2013 under a competitive tender process, which was led by Camden in partnership with Lambeth and Islington. The Film Service contract is a concession contract and income is generated for the three participating boroughs.
- 1.6 The Council is able to charge film companies commercial fees for filming on Council property, and at-cost fees for Council services including parking suspensions, road closures, traffic management and temporary removal of street furniture.
- 1.7 For the period of the contract up to and including Quarter 2 2017/18 (4.5 years) the total tri-borough sales and revenue has been £6.2m. During this period, the total sales and revenue for Camden Council has been £2.5m and a surplus value of £330k for Camden has been achieved.
- 1.8 The recommended procurement strategy (see Sections 3 & 4) is to continue with the out-sourced service model and enter into an open tender process in partnership with Lambeth and Islington to procure a new supply contract with a specialist film service provider.
- 1.9 This report is being brought to Cabinet as the current contract with FilmFixer Limited is due to expire on 30<sup>th</sup> April 2018. A replacement arrangement for managing filming in the borough needs to be put in place to ensure continuation of a coordinated, strategic approach.

## **2 WHY IS THIS REPORT NECESSARY?**

- 2.1 This report is necessary as set out in paragraph B2.3 of Contract Standing Orders (CSOs) which states that the value of concession contracts shall be the estimated total turnover of the concession generated over the duration of the contract, net of VAT. This figure is estimated at £8.5 million.
- 2.2 In order to continue to meet Camden's aspiration as a Film Friendly Borough it is Officers recommendation that this contract is re-tendered before its expiry on 30<sup>th</sup> April 2018. This will ensure the continuous management and coordination of location filming and income generation.
- 2.3 The service demands a distinct expertise that combines industry intelligence with an understanding of working practises both within the screen industries and with local authorities and other relevant public agencies.
- 2.4 The aims of the service are:
- To promote Camden as a Film Friendly Borough, supporting the local economy.
  - To minimise the impact of filming on local residents and businesses, through strong engagement with residents, including effective liaison between film and programme makers, and affected residents and businesses, to ensure that filming in the borough is not excessively disruptive, and that inappropriate filming is not sanctioned.
  - Effective management of filming in the borough via robust enforcement methods of the film location service and effective marketing of locations.
  - Collection and collation of key statistics around filming activity in the borough.
  - An increase in the income derived from filming in the borough both in net surplus value to Camden and in fee increases for other departments (e.g. Parking and Highways).
  - An increase in the responsiveness of the service, including response times to film company enquiries and resident engagement and service availability outside of working hours in line with film industry practices.
  - Development of robust internal communications structure between the service provider and the Council, through the establishment of operational protocols and information sharing, and regular review to implement ongoing improvements.
  - To ensure that the service is self-sustaining i.e. requiring no further financial investment from the council.
  - To work with the council to ensure that film activity in the borough contributes to the Camden Plan including place shaping and social value (including skills development for young people, and access to the creative industries).
  - To ensure that 'green' production is promoted through the use of recyclable and/or reusable sustainable products and materials.
- 2.5 Camden is leading on the procurement process for this contract, which will give us full oversight and ability to guide the process. In acknowledgement of Camden taking on this lead role, the partner boroughs will take on extra responsibilities throughout the life of the contract. The benefits of the tri-borough partnership are set out in Section 4. Once the contract is awarded, each of the partner boroughs will have a separate day-to-day contract management relationship with the contractor, focussing on activity in their individual boroughs. For Camden, this role will sit with the Arts and Tourism service.
- 2.6 Under the current contract, the lead officers from the partner boroughs currently attend a joint quarterly meeting with the Contractor to analyse financial performance data and

to discuss ongoing service issues and future initiatives and undertake joint monitoring activities including an internal audit of the service (delivered by an external auditor). This will continue under the new contract. A new partnership agreement between the boroughs will be drawn up as part of the procurement process, outlining the ongoing roles and responsibilities of all parties.

- 2.7 Income maximisation is one of the service objectives, and through the concession contract arrangement the Contractor is incentivised to increase income for the Council while striking the right balance with managing the impact for local residents. This will continue to be a key measurable priority under the new contract.

### 3 OPTIONS

- 3.1 A number of options were identified and considered in relation to the future supply of the Film Service as follows:
- 3.2 **Option 1 - Continue with the existing contract.** The current contract was awarded for a period of 3 years with the option to extend for two further periods of 12 months, until May 2018. The Council is already within the final 12 month extension period and there are no further extensions available on this contract.
- 3.3 **Option 2 - Not to undertake a procurement exercise and to cease having a managed film service.** This option presents the greatest risk. It will remove the joined-up co-ordinated approach and specialised knowledge, presenting issues for coordinating complex shoots that require input from a range of services across the Council and its partners. This in turn would increase pressures on in-house council departments to pick up this workload, while losing a strategic oversight of film and TV production in the borough. This could have further implications with leveraging social value for residents, income generation, tourism and Camden's 'film-friendly' reputation.
- 3.4 **Option 3 - Deliver the service in-house.** An in-house service would need to be self-financing through film income, would require a significant investment in resources and technology and would require in-depth expertise in film service management not readily available in the Council. Income levels have been significantly higher since the service was outsourced and there is no guarantee that levels would remain as high if the service returned in-house. A cost analysis exercise (see Appendix 4) has indicated that an in-house Camden film service would require at least £250k annual salary commitment to operate effectively at the level of the current supplier.
- 3.5 **Option 4 - Shared Procurement with neighbouring authorities.** This is the current model and the recommended option (see Section 4 below). The proposed contract term is for 3 years with the option for one extension of 2 years. The recommended partner boroughs are Islington and Lambeth.
- 3.6 **Option 5 – Undertake the tender process without partner boroughs.** This option would forfeit the benefits (shared data, joint initiatives, best practice benchmarking, collaborative service improvements) of the tri-borough partnership without gaining any significant benefits and is unlikely to deliver a better solution for the council.
- 3.7 The recommendation is to undertake a procurement exercise with neighbouring

authorities to award a concession contract through an Open Tender Process (Option 4).

#### **4 WHAT ARE THE REASONS FOR THE RECOMMENDED DECISION?**

- 4.1 The recommended option (Option 4) would enable Camden to secure a contract with a specialist film facilitation company. Private providers in this sector bring a level of experience developed over a number of years, and across a number of local authorities.
- 4.2 The current arrangement has worked well for Camden Council and the partner boroughs, offering an experienced service provider with no financial risk to the council.
- 4.3 This option would benefit residents through a professional and tailored service and would reduce the resource burden on in-house teams by managing complex filming activity, which impacts on multiple service areas, often with very short turnaround times.
- 4.4 Islington and Lambeth Councils have both confirmed an intention to partake in a collaborative procurement for a new service contract and continue the successful tri-borough partnership. The partnership between the boroughs has resulted in shared data and best practice helping to establish a competitive fee structure that balances attractiveness to the industry with an appropriate level of income to council services. A selection of neighbouring boroughs were approached to discuss potentially expanding the partnership. It was found that this would increase the resource requirements for the procurement process and would impact on the borough's ability to tailor the contract to specific borough requirements.
- 4.5 The service will be guaranteed cost-neutral to the Council. Under a concession contract, the supplier owns all financial risks if income from films fees does not cover service costs.
- 4.6 An external provider would minimise in-house costs and offer industry intelligence to ensure the most competitive financial negotiations. A private contractor is better placed to develop an agile organisational structure suitable to delivering these services, allowing them to grow business intelligence across the organisation and share best practice within teams.
- 4.7 A contractor delivering the service for other boroughs across London can share key resources and staff across client boroughs – allowing for a variety of expertise, and the ability to scale resources up and down more flexibly across boroughs as required. IT and financial systems can be more flexible resulting in less pressure on resource (e.g. – the ability to receive payments upfront) and will potentially be able to alleviate over-filmed hotspot areas in Camden by encouraging some productions towards alternate sites.
- 4.8 An industry specialist will be better placed to facilitate partnerships with production companies to advance social value benefits, including work experience opportunities for residents.
- 4.9 There are two other suppliers delivering this service to a high standard in London, so a

competitive bidding process is expected.

- 4.10 The current Contractor has developed positive working relationships with a number of Tenants and Residents Associations (TRAs) across the borough. Engagement with TRAs and Ward Members throughout the contract period has helped highlight areas for continual improvement.
- 4.11 As part of the procurement process the Council would ensure that a key condition in the new contract would require the provider to work closely with film production companies to enshrine relevant STEAM commission findings. For example film production companies would need to work closely with Camden's Cultural Educational Partnership (SPARK) to offer film production work experience to schools.

## **5 WHAT ARE THE KEY IMPACTS / RISKS? HOW WILL THEY BE ADDRESSED?**

- 5.1 Some wards (particularly Holborn and Covent Garden, Bloomsbury and Primrose Hill) have seen a significant rise in filming activity. Feedback from residents and ward members has expressed concern that the impact of filming has become unsustainable (particularly the number of parking suspensions), and highlighted the need for clarity on the procedural details of the service contract (e.g. consultations, extent of permissions and enforcement protocols) and the development of a strategy to alleviate 'hot spots' where filming is too frequent. Residents and Members have questioned whether the current model offers best value for money, due to a private contractor taking a share of surplus value, and whether Camden charge sufficiently high fees. These concerns will be addressed during the tender process and mobilisation period of the new contract.
- 5.2 One of the risks is the potential impact on service delivery during the transition from one supply arrangement to another if the current supplier is not successful through this tender process. To mitigate this, a robust transition project plan will be required from the successful supplier, which will be regularly reviewed and monitored closely through the implementation stage.
- 5.3 Through the new tender process we are exploring ways to expand the ability for the contractor to charge new administration fees for Camden parking applications commensurate to the size and complexity of each project, allowing for a higher percentage of the surplus value to be retained by the Council. We aim to implement these changes in time for the commencement of the new contract.
- 5.4 The partner boroughs intend to increase social value outcome requirements from the new contractor by introducing key performance indicators (KPI) including number of apprenticeships, placements and work experience days. Camden's Economic Development service has been consulted on this aspect and will offer further advice and support.
- 5.5 An Equalities Impact Assessment (EIA) has been carried out and the EIA demonstrates that there is no prospective discrimination (see Appendix 1). Suppliers will be expected to carry out their activities with due regard for their obligations under the Equality Act. This expectation will be included in the contract specification and will form part of the evaluation process.
- 5.6 The Council recognises the benefits of applying the London Living Wage (LLW), which

include lower staff turnover, improved productivity and lower sickness absence. On this basis, staff under the current supply arrangement are on fixed term contracts and paid at or above the London Living Wage (LLW).

- 5.7 The requirement for suppliers to pay staff employed on the contract at or above the LLW under the new arrangement will be included in the specification on the basis that realising the benefits of paying the LLW will deliver best value through minimising disruption to service delivery.

## **6 WHAT ACTIONS WILL BE TAKEN, AND WHEN FOLLOWING THE DECISION AND HOW WILL THIS BE MONITORED?**

- 6.1 Subject to Cabinet approval, an Open Tender request for submissions will be advertised in January 2017. The invitation to tender will be conducted using the OJEU Open Procedure and subject to the Concession Contract Regulations 2016.
- 6.2 The proposed contract term is for 3 years with the option for one extension of 2 years.
- 6.3 The procurement approach is to invite bids from existing suppliers already delivering this service for London boroughs, and potential new entrants, through an Open Tender process, requesting examples of experience, best practice, initiatives to further innovate the service and the most competitive financial offer.
- 6.4 The details of the new service model will be developed collaboratively with the partner boroughs, and to inform this process a number of stakeholders are being consulted representing film industry knowledge, resident groups, and internal council departments.
- 6.5 The tenders will be assessed against the requirements outlined in the Council's specification against price and quality criteria, using a price/quality ratio of 50:50. Due to the potential for disturbance to local residents, and the fact this is a highly visible frontline service, it is vital that the service provider is highly skilled and experienced in this distinct area of service delivery. Therefore it is recommended that the tender process puts equal emphasis on the quality and pricing aspects of the bids.
- 6.6 There is unlikely to be a significant variance in fee between bidders – and the council is likely to see more financial benefit from a superior marketing and business development strategy.
- 6.7 There are currently only three private organisations delivering this service for local authorities in London (FilmFixer, The Film Office and Reel Film Locations). Each of these organisations have been operating in the sector for over 10 years and have built good reputations in the industry. Other potential new entrants into the market include film location libraries and property management agencies.
- 6.8 The assurance of the supplier in providing the standard of service and meeting other quality standards and income targets will be monitored and managed through the KPIs which will be reviewed on a monthly and quarterly basis by the Libraries, Arts and Tourism service of the Council. Suppliers will be asked to demonstrate in their tender responses how they will meet the standards and, where appropriate, provide evidence in relation to key areas such as managing large, complex, multi-stakeholder shoots,

resident consultation, fee negotiation, strategic management of 'hot-spot' areas and delivering social value opportunities for residents.

- 6.9 A panel of officers from across the three partner Councils will be established to participate in the evaluation process which will be led by Arts and Tourism with close support from colleagues in Procurement and Legal Services.
- 6.10 Subject to approval, the contract will be awarded to the preferred bidder by the Cabinet Member for Promoting Culture and Communities in consultation with the Executive Director Supporting Communities in March 2018.
- 6.11 An indicative timeframe is set out below.

Key milestones	Indicative Date (or range)
Invitations to tender issued	January 2018
Deadline for submission of tenders	February 2018
Tender evaluation and clarification period	February 2018
Relevant Contract Award Report - Cabinet Member	March 2018
Contract signature / sealing	March 2018
Transition to the new arrangements	April 2018
Contract start date	1 <sup>st</sup> May 2018

## 7 LINKS TO THE CAMDEN PLAN OBJECTIVES

### 7.1 A) Creating conditions for and harnessing the benefits of economic growth

Film production generates revenue for the Council, brings inward investment into the local economy and provides social value benefits through training and shadowing opportunities for local people. Filming also raises the profile of the borough as a cultural destination and has the potential to increase local tourism through high profile films shooting iconic scenes here (for example, *Harry Potter*, *Paddington*, *Hampstead*)

### B) Delivering value for money services by getting it 'right first time.'

A professional and tailored service ensures coordinated and responsive management of complex filming activity, which can require collaboration across multiple service areas, often with very short turnaround times, and that income is maximised through fees being charged at competitive market rates.

The concession contract model removes financial risk and budgetary pressures from the Council.

## 8 CONSULTATION

- 8.1 The procurement strategy has been informed by ongoing consultation with key internal departments across the life of the current contract, as well as targeted consultations sessions recently with Parking, Greenspace, Economic Development and Income Maximisation.
- 8.2 We have engaged with Ward Members and residents over the past year in areas of the borough with consistently high levels of filming. This has helped shape some of the



specific new requirements currently under consideration for the new contractor. A further series of targeted questionnaire consultations with a range of Tenant and Resident groups across the borough are planned prior to tendering, which will further inform the evaluation criteria in the tender pack.

- 8.3 During the tender process the Council will ensure the new contract establishes strong and robust protocols to mitigate the impact of filming on local communities. These clear protocols will ensure residents, businesses and ward members should be consulted and the contract will introduce new requirements for strategic resident engagement throughout the life of the contract to gauge qualitative feedback. Ward Member input will be sought as part of this ongoing process. Consultation requirements will be set out in the new contract specification methods will be continuously assessed throughout the contract period. Responsibility for conducting consultation will be shared between the contractor and the borough contract leads.
- 8.4 Informal discussions have also taken place with other local authorities including Hackney, Barnet, Haringey and Southwark and with Film London (the Capital's strategic film and media agency) to consult on industry trends, service standards, and their view on the importance of local authority film service provision.
- 8.5 The relevant internal business and governance procedures have been followed in the writing of this report.

## **9 LEGAL IMPLICATIONS (comments of the Borough Solicitor)**

- 9.1 This report seeks endorsement of the recommended procurement strategy for re-tendering of the externally managed Film Service contract currently delivered by FilmFixer Limited in a joint contract with Islington Council and Lambeth Council. This is a concession contract, whereby the Councils take a share of the surplus value generated from filming in their Borough.
- 9.2 The proposed procurement strategy includes a price/quality split of 50/50 and contract term of 3 years plus 1 extension of 2 years, with an estimated aggregate value (including the 2 year extension) of £8.5 million.
- 9.3 It is proposed to procure the contract using the OJEU Open Procedure and subject to the Concession Contract Regulations 2016. This will comply with EU procurement regulations, and the requirement in CSOs to competitively tender such contracts.
- 9.4 CSOs require Cabinet to approve this strategy, though subsequent award is reserved to the relevant Cabinet Member.
- 9.5 Cabinet Members must take into account in coming to any decision the Council's equality duties and have due regard to them. In summary, these legal obligations require the Council, when exercising its functions, to have 'due regard' to the need to:
1. eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act (the protected characteristic of marriage and civil partnership is also relevant);
  2. advance equality of opportunity between people who share a relevant protected characteristic and those who don't; and foster good relations between people who

share a relevant protected characteristic and those who do not (which involves tackling prejudice and promoting understanding).

Under the Duty the relevant protected characteristics are Age, Disability, Gender reassignment, Pregnancy and maternity, Race, Religion, Sex, Sexual orientation.

In this case the attached EIA concludes that there is no potential for discrimination and all appropriate opportunities to advance equality and foster good relations have been taken. To advance equality of opportunity with specific regard to social value objectives (film industry training and work experience) Officers will ensure that all partners and stakeholders involved in delivering these initiatives build in robust policies and develop specific strategies for participation from BAME and disadvantaged groups, and will monitor compliance with these policies.

- 9.6 The Council are required to comply with the [Public Services \(Social Value\) Act 2012](#). The Government's definition of Social Value is "a concept which seeks to maximise the additional benefit that can be created by procuring or commissioning goods, services and works, above and beyond the benefit of merely the goods, services and works themselves". These additional benefits can range from the very tangible, such as jobs for the long-term unemployed and apprenticeships; to 'softer' benefits such as supporting disengaged communities to speak up on issues that directly affect them, or supporting individuals to overcome barriers to accessing services. Other benefits include reducing the carbon footprint of service delivery.
- 9.7 The TUPE regulations may apply to the transfer of the service. This will be a matter between the current provider and the successful bidder to consider. Bidders will be requested to seek independent professional advice on the application of TUPE.
- 9.8 Legal Services will continue to advise on this procurement.

## **10 RESOURCE IMPLICATIONS (finance comments of the Executive Director Corporate Services)**

- 10.1 This report asks Cabinet to agree the proposed procurement strategy for re-tendering of the externally managed Film Service contract currently delivered by FilmFixer Limited in a joint contract with Islington Council and Lambeth Council.
- 10.2 In the current model, surplus value is shared with Film Fixer after all service costs are covered. If the contractor makes less than the running costs per annum then the contractor will incur the financial loss.
- 10.3 Camden Council's film service has a budgeted income target for the surplus value generated. This has been achieved year on year throughout the current contract. For the financial year 16/17 £110k was generated for Camden Council with associated costs to Camden Council of £4k, which comprises officer time for ongoing contract management. This cost represents 4% of the surplus value generated.
- 10.4 The service are also exploring ways to expand the ability for the contractor to charge admin fees commensurate to the size and complexity of each project, allowing for a higher percentage of the surplus value to be shared with the boroughs. This will be addressed through the fees and charges processes and with the agreement of the Portfolio holder will be submitted to Cabinet for approval in December 2017.

## **11 APPENDICES**

11.1 **Appendix 1** - Equalities Impact Assessment

11.2 **Appendix 2** - Income comparison in-house and outsourced services

11.3 **Appendix 3** - Performance against income surplus value targets

11.4 **Appendix 4** - Cost analysis exercise for an in-house film service

11.5 **Appendix 5** - Comparison of film service delivery models across London boroughs