

Northern Ireland Screen Commission – State Aid

1. State Aid reference

SA 33920

2. Member State

UK

3. Region

Northern Ireland

4. Title of Aid Scheme

Northern Ireland Screen Fund

5. Legal basis

Industrial Development Act (Northern Ireland) 2002
The Education and Libraries (Northern Ireland) Order 1986

6. EC Legal basis

All aid provided under the Northern Ireland Screen Fund will be administered in compliance with Chapter 1, and within the limits set out in Article 54, of Commission Regulation EU No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in the application of Articles 107 and 108 of the Treaty (the General Block Exemption Regulation (GBER)).

A full version of the GBER can be accessed via the link below:

http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2014.187.01.0001.01.ENG

Having entered into force in November 2013, the Communication from the Commission on State aid for films and other audiovisual works (2103/C 332/01) sets out the European Commission's current position on State aid for films and other audiovisual works.

The full text of the 2013 Commission Communication can be accessed via the link below:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2013:332:0001:0011:EN:PDF>

Summary information relating to the Northern Ireland Screen Fund Scheme has been registered with the Commission under reference SA 33920.

7. Definitions

With regard to the Northern Ireland Screen Fund, the following expressions have the same meaning attributed to them as in the GBER (definitions are presented alphabetically):

‘Date of granting the aid’ means the date when the legal right to receive the aid is conferred on the beneficiary under the applicable national legal regime.

‘Difficult audiovisual works’ means the works identified as such by Member States on the basis of pre-defined criteria when setting up schemes or granting the aid and may include films whose sole original version is in a language of the Member State with a limited territory, population or language area, short films, films by first-time and second time directors, documentaries, or low budget or otherwise commercially difficult works.

‘Undertaking in difficulty’ means an undertaking in respect of which at least one of the following circumstances occurs:

(a.) In the case of a limited liability company (other than an SME that has been in existence for less than three years or, for the purposes of eligibility for risk finance aid, an SME within 7 years from its first commercial sale that qualifies for risk finance investments following due diligence by the selected financial intermediary), where more than half of its subscribed share capital has disappeared as a result of accumulated losses. This is the case when deduction of accumulated losses from reserves (and all other elements generally considered as part of the own funds of the company) leads to a negative cumulative amount that exceeds half of the subscribed share capital. For the purposes of this provision, ‘limited liability company’ refers in particular to the types of company mentioned in Annex 1 of Directive 2013/34/EU and ‘share capital’ includes, where relevant, any share premium.

(b.) In the case of a company where at least some members have unlimited liability for the debt of the company (other than an SME that has been in existence for less than three years or, for the purposes of eligibility for risk finance aid, an SME within 7 years from its first commercial sale that qualifies for risk finance investments following due diligence by the selected financial intermediary), where more than half of its capital as shown in the company accounts has disappeared as a result of accumulated losses. For the purposes of this provision, ‘a company where at least some members have unlimited liability for the debt of the company’ refers in particular to the types of company mentioned in Annex II of Directive 2013/34/EU.

(c.) Where the undertaking is subject to collective insolvency proceedings or fulfils the criteria under its domestic law for being placed in collective insolvency proceedings at the request of its creditors.

8. Objective of the Scheme

The scheme supports pre-production and production of moving image or audiovisual product which express the cultural and creative potential of Northern Ireland. (Pre-production includes script writing and development work).

The Scheme provides funding for live action or animated feature films or live action or animated television drama, factual television and interactive content which has a distinct Northern Ireland cultural dimension. The Fund intends to provide support in order to facilitate the development of a specific Northern Irish cultural voice through the production of cultural film and television drama, factual television and interactive content.

The Screen Fund has no territorial conditions other than for Irish language production. In the case of Irish language production, the minimum expenditure required to be incurred in the territory is no greater than the aid amount. For example, where the maximum aid intensity of 75% of the production budget is applied, at least 70% of the production budget must be spent in the territory. If the aid amount is 50% of the production budget, at least 50% of the production budget must be spent in the territory'.

The primary aim of the Northern Ireland Screen Fund is to ensure that the culture and creative potential of Northern Ireland is expressed through the creative film, television and interactive sector.

9. Granting Authority

Northern Ireland Screen Commission

10. Scope of the Scheme

The Northern Ireland Screen Fund will support the pre-production and production of film, television and interactive content.

The Northern Ireland Screen Fund will be managed and delivered in cognisance of, and in compliance with, the applicable State aid rules including Art 54 of the GBER and the Communication from the Commission on State aid for films and other audiovisual works (2103/C 332/01)

11. Limitations

Aid under this scheme will not be given where the proposed beneficiary is:

- Subject to an outstanding order for the recovery of aid which has been declared by the Commission to be illegal and incompatible with the common market; and/or
- An undertaking in difficulty.

Aid under this scheme will not be reserved for specific production activities or individual parts of the production value chain.

Aid for film studio infrastructures will not be eligible under this scheme.

Aid under this scheme will not be reserved exclusively for UK nationals, and beneficiaries are not required to have the status of undertaking established under national commercial law.

12. Cultural Tests

All aid provided through the Northern Ireland Screen Fund will support a cultural product, and applications will be assessed against the following cultural objectives:

- A diverse and plural representation of Northern Ireland
- Exposure of as broad a range of images of Northern Ireland as possible
- Exposure of the work of creative talent including but not limited to writer, directors and actors who are based in the region or informed by the region
- The telling of indigenous stories

- The exposure of images of Northern Ireland to a wide international audience
- The development of the skills base necessary to sustain a cultural voice through film, television and interactive content in Northern Ireland.

Although successful applications may not deliver on all of the cultural objectives, a project will only be deemed to fulfil the cultural criteria if it will make a significant contribution to one or more of the Fund's overall delivery of these cultural objectives.

The product must also be a culturally British film as defined by the UK Department for Culture, Media & Sport cultural test (UK Cultural Test) or qualify under a treaty with another territory.

To successfully apply to the Northern Ireland Screen Fund a project (except in exceptional circumstances where there is a treaty with another territory) must first pass the UK Cultural Test. Under the UK Cultural Test films are awarded a score out of a maximum 35 points with a pass mark of 18 based on the following criteria:

- A – Cultural Content - Film is set in the UK or EEA, Principal characters are British or EEA citizens or residents, British or EEA story or underlying material, and Language is English, UK indigenous or EEA
- B – Cultural Contribution - Represents UK Cultural heritage, or creativity, or diversity.
- C – Cultural Hubs – at least 50% principal photography or SFX or VFX takes place in UK.
- D – Key personnel are EEA citizens or residents, including Director, scriptwriter, producer, composer, lead actors, cast, key staff, and majority of crew.

Ulster Scots Broadcast Fund Cultural Criteria - When making its decisions, the USBF Investment Committee will consider as a key criteria the contribution to increased awareness and understanding of Ulster-Scots heritage, culture and/or language.

The Irish Language Broadcast Fund (ILBF) prioritises applications for content that ensures prominence of the Ulster dialect, geography, history, society and culture. The ILBF will normally require a minimum of 75% of the spoken word within any funded project to be in Irish.

13. Form of Aid

Support will usually be in the form of a repayable loan in accordance with the scheme guidelines. In exceptional circumstances, support may also be provided in the form of a grant. (Repayable loans are repayable advances as defined in Article 2 (21) of the GBER (i.e. a loan for a project which is paid in one or more instalments and the conditions for the reimbursement of which depend on the outcome of the project).

All aid awarded under the Northern Ireland Screen Fund will be transparent, and will be administered in accordance with the criteria set out in Article 5 of the GBER.

14. Duration of the Scheme

The Northern Ireland Screen Fund will run from 1 April 2016 until 31 December 2020.

15. Budget

The Northern Ireland Screen Commission will award funding under the Northern Ireland Screen Fund up to a maximum of £20m per annum. Should the budget for the scheme be anticipated to increase beyond the maximum notification threshold for aid schemes for audiovisual works (€50m per annum),

the Northern Ireland Screen Commission will notify the European Commission in accordance with Art 4 (1) (aa) of the GBER.

16. Eligible Costs

The following eligible costs may be supported through the Northern Ireland Screen Fund:

For pre-production aid: The costs of script-writing and the development of audiovisual works.

For production aid: The overall costs of production of audiovisual works including costs to improve accessibility for persons with disabilities.

17. Intensity of Aid

Pre-production: The Northern Ireland Screen Fund may support up to 90% of the eligible costs related to pre-production (development).

Production: Whilst support through the Northern Ireland Screen Fund will generally be limited to 25% of the total production costs, the Fund may support up to 50% of the eligible costs related to production.

The Fund may support up to 75% of eligible production costs for difficult audiovisual works (as defined in Article 2, Para 140 (General Block Exemption Regulation)). It is anticipated that most of this support will be made available through the Irish Language Broadcast Fund and the Ulster-Scots Broadcast Fund. Projects supported by the Irish Language Broadcast Fund and the Ulster-Scots Broadcast Fund are, by their nature, difficult as both languages have a limited territory, population and language area.

To guarantee the financial security of the Fund by avoiding the allocation of funds to productions that are likely to fail to become fully financed, projects must have 75% of the full production cost financed at the point of applying to the Fund.

18. Incentive Effect

As detailed in Article 6 (5), aid for culture and heritage conservation is not required to have or shall be deemed to have an incentive effect, if the conditions laid down in Article 53 of the GBER are fulfilled.

The Northern Ireland Screen Commission will ensure that the evidence provided by beneficiaries complies with Article 53 of the GBER.

19. Reporting

All recipients of aid under the Northern Ireland Screen Fund Scheme will be informed that aid has been provided under the Scheme, registered under SA.33920 pursuant to Article 54 of Commission Regulation (EU) No.651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (General Block Exemption Regulation).

In accordance with Article 12 of the GBER, records will be kept for 10 years from the date of the last award of aid under the Scheme. Records will be sufficiently detailed to establish that the conditions of the Northern Ireland Screen Fund scheme are met.

An annual report on the expenditure under the Northern Ireland Screen Fund scheme will be provided to the European Commission.

The Northern Ireland Screen Commission will ensure that the Northern Ireland Screen Fund scheme is administered so that it can provide the European Commission with all the information and documentation the European Commission considers necessary to monitor the application of this regulation, within 20 days of such a request.

20. Contact

Questions about the Northern Ireland Screen Fund scheme should be directed to:

Linda Martin, Director of Finance and Corporate Services.