

The following provides details of how certain state aid support measures aimed at film audiences fulfil the terms of the General Block Exemption Regulation.

## **The British Film Institute – Support measures for development of film audiences**

### **Member State**

United Kingdom

### **Region**

N/A

### **Title of aid Scheme**

The British Film Institute support measures for development of film audiences

### **UK Legal Basis**

The British Film Institute Act 1949

The National Lottery etc. Act 1993 (as amended)

### **EC Legal Basis**

All aid provided under this Scheme will be within the limits set out in Article 53 of Commission Regulation (EU) No 651/2014 of 17 June 2014 as amended by Commission Regulation (EU) No. 2017/1084 of 14 June 2017 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (**GBER**). A full version of the Regulation can be found at:

<https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1540913231806&uri=CELEX:32014R0651>

A full version of the amending Regulation can be found at:

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R1084&qid=1540912708493&from=EN>

### **Duration of the Scheme**

Aid under this Scheme may be granted until 31 March 2022.

### **Granting Authority**

The British Film Institute, a charity incorporated by Royal Charter dated 18 July 1983 (as amended by order of Privy Council dated 19 April 2000) and registered in England and Wales under number 287780 has been authorised by The Department for Digital, Culture, Media & Sport to implement the Scheme.

### **Objective of the Scheme**

The BFI's role is to champion the art of film, to empower the next generation of creative people and audiences, to advocate for film to be central to all our cultural lives and to create opportunity for everyone who wants to participate – no matter who they are or where they live. The BFI aims to boost diversity and inclusivity – to build a broad film culture across the UK which recognises and values the quality of difference and seeks to rebalance under-representation on screen, in the workforce and in audiences.

The BFI delivers a number of measures through a combination of activity and funding programmes, designed to both increase audience diversity and find new audiences to engage with film and discover the riches of world cinema, through strengthening the film exhibition sector and delivering programmes of lifelong learning activity in venues and on demand.

### **Scope of the Scheme**

Support is given to organisations involved in the film and audio-visual exhibition sector that can demonstrate a clear public benefit from activity intended to:

- Grow the diversity of audiences engaging with film;
- Develop the 16-30 year-old audience for film;
- Increase access to independent British and international film for audiences especially those outside London;
- Enhance confidence, best practice and capacity of the sector;
- Increase access to the UK's screen heritage through the BFI's National Archive of film and TV, and those of the regions and nations; and
- Increase engagement with BFI-supported activities and cultural programmes across the UK, and enhance the quality and cultural depth of audience experience.

As a consequence of the global shutdown caused by the COVID-10 pandemic having a significant impact on the cultural sector including the closure of cinemas across the UK, additional state aid support measures are being introduced to underpin ongoing organisational viability in order to offer audiences a return to the cinema experience of watching films whilst respecting social distancing measures and to ensure a rich film programme of world films are made available to those cinemas.

Applicants for funding need to demonstrate a clear public benefit from the activity being funded and decisions to make awards are based on an applicant not making a profit from activity supported by the BFI to ensure that the amount provided is the minimum amount of public funds necessary to support the cultural activity.

### **Incentive effect**

1. All aid recipients must demonstrate that aid is required for activity to proceed by submitting a written online application before commencing project activity. The application will contain at a minimum the following information:
  - a. Name of applicant;
  - b. Description of activity;
  - c. Location of the activity;
  - d. List of activity costs;
  - e. Form of and amount of public funding needed for the activity.
2. Applicants are required to respond to questions on diversity and inclusion, environmental impact and education engagement to demonstrate a change in behaviour as a consequence of the awards. The greater the amount of award the stronger the need for proposals for activity or change.

### **Form of aid**

3. Funding generally takes the form of a grant in compliance with Article 5 of GBER which is repayable if contractual stipulations are not met. Aid will not be provided to undertakings in difficulty.

### Cumulation and aid intensity

4. Aid awarded under the Scheme may only be cumulated with other awards of State Aid where this is consistent with the provisions of GBER.
5. Aid for culture and heritage conservation can be up to 100% of the eligible costs.

### Compliance with Article 53 of GBER

6. The aid being provided through the Scheme supports the cultural purposes and activities of audio-visual exhibition through cinemas and similar artistic and cultural infrastructures, organisations and institutions or through film festivals and similar artistic or cultural events.
7. The funding given takes the form of operating aid and the aid amount will not exceed what is necessary to cover the operating losses of the cultural purpose or activity over the period of the award.

### Monitoring and Reporting requirements

8. Records of awards made will be kept for 10 years from the date of granting of the aid under the Scheme. Records will be sufficiently detailed to establish that the conditions of the Scheme are met.
9. All awards are published on the BFI website.
10. Details of any award (or multiple awards to a single project) exceeding €500,000 given under this Scheme will be made publicly available via a State aid website within 6 months of granting.
11. The BFI, through the Department for Digital, Culture, Media & Sport, will provide the European Commission with all information and documentation the Commission considers necessary to monitor the application of the GBER within 20 days of such request from the Commission.

### Definitions

In this Scheme the following expressions have the same meanings attributed to them as in the GBER:

**“aid”** means any measure fulfilling all the criteria laid down in Article 107(1) of Treaty;

**“aid intensity”** means the gross aid amount expressed as a percentage of eligible costs, before any deduction of tax or other charge;

**“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;

**“Treaty”** means the Treaty on the Functioning of the European Union (Consolidated Version 2016) OJ C 202, 7.6.2016.

**“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 I of Directive 2013/34/EU ([4](#)) 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.

(d) Where the undertaking has received rescue aid and has not yet reimbursed the loan or terminated the guarantee, or has received restructuring aid and is still subject to a restructuring plan.

(e) In the case of an undertaking that is not an SME, where, for the past two years:

(1) the undertaking's book debt to equity ratio has been greater than 7,5 and

(2) the undertaking's EBITDA interest coverage ratio has been below 1,0.